

Price update and structural reform: reduction of subsidies, new petrol price from February



A "Bodega piloto" with an extended product range in Calle 23 in Havana (Source: Cubaheute)

At its last session of the year, Cuba's National Assembly passed a far-reaching package of economic measures aimed at eliminating macroeconomic distortions and boosting the socialist country's ailing economy three years after the currency reform. The previously heavily subsidized prices for fuel, electricity and state transport services are to rise, while salaries in the education and healthcare systems are to be increased.

"At the moment we are working in a war economy scenario, with a tighter blockade and all the problems that this entails," explained Prime Minister Manuel Marrero in his speech to members of the Cuban National Assembly. "We are very dissatisfied that we have not made the necessary progress and mitigated the effects of these external phenomena. We could have done more", said the Prime Minister.

As announced by the Ministry of Economy, the island's gross domestic product shrank by between one and two percent last year. The economy is expected to grow by two percent again in 2024. In order to create "a favourable framework" for the recovery of the economy, a "macroeconomic stabilization programme" announced some time ago will be implemented in the course of this year, the details of which were presented at the parliamentary session.

A liter of premium gasoline in Cuba currently costs 30 pesos (approx. 11 USD cents at the market rate), and availability is poor due to the high import costs: many filling stations have not been supplied for months, and long queues form wherever fuel is available. From February 1, the fuel price will be set at an exchange rate of 120:1. A liter of premium gasoline (94 octane) will then cost 156 pesos, regular gasoline 114 and diesel 132 pesos. For tourists with rental cars, fuel will only be sold for foreign currency at selected petrol

stations from this date. A liter of premium gasoline (Especial) will cost 1.30 US dollars or the equivalent in other foreign currencies. As before, payment in both price schemes will be exclusively cashless. The commercial prices for petrol will rise only moderately from 17 to 26 pesos for a liter of premium petrol and from 14 to 25 pesos for diesel, which will benefit state-owned companies and other commercial transport service providers.

Precios Minoristas Combustibles

Combustible	Precios Actuales	Nuevos precios	
		USD	CUP
Motor B83	20.00	0.95	114
Regular B90	25.00	1.10	132
Especial B94	30.00	1.30	156
Especial B100	37.50	1.65	198
Diésel Regular	25.00	1.10	132
Diésel Especial	27.5	1.25	150




New fuel prices from February 1, 2024, middle column: Prices in foreign currency (mandatory for tourists with rental cars) (Source: Cubadebate)

This is intended to cover costs again and make the queues of cars outside petrol stations, some of which last several days, a thing of the past. The population is also of the opinion that the country cannot maintain "one of the lowest fuel prices in the world", said Economy Minister Alejandro Gil in a special broadcast on the subject. Regional reference values from the Dominican Republic have been used to determine the prices. Tourists and other natural persons with an international credit card or foreign currency card can initially expect a secure supply at 29 of the 613 petrol stations nationwide from February. The state operating company CIMEX has published a corresponding list (see appendix). The offer is to be expanded further in the future.

There are also changes to other energy issues. For example, the electricity price for private households will be increased by 25 percent for frequent consumers of 500 kWh or more per month (which currently affects between 3 and 5 percent of customers), although this tariff group will continue to be subsidized even after the changes. The water price for consumers without a water meter will be tripled from 7 to 21-24 pesos. For metered households, the rates remain unchanged. The price for cooking gas cylinders will rise by 25 percent to cover

costs. The price increases are "less about increasing government revenue and more about effective incentives to save money", explained Gil. The new prices will come into force on March 1.

Prices for cigarettes and tobacco products are also set to rise in 2024, although no exact figures have yet been given.

The new prices for transportation services were presented on January 9: The price for city buses in Havana will remain unchanged at 2 pesos and will therefore be subsidized by 60 percent. Long-distance bus, air and train travel will become significantly more expensive and will no longer be subsidized: The longest bus route from Havana to Guantánamo will cost 786 pesos instead of 280 pesos from March 1. On the train, the same journey (2nd class) will cost 710 pesos instead of the previous 100 pesos. In air-conditioned first class, the route will cost 865 pesos. A domestic flight from Havana to Santiago will cost 4300 pesos instead of 1100 pesos. The catamaran to the Island of Youth will cost 200 pesos instead of 50, the same as the new car ferry.

SERVICIOS INTERPROVINCIALES



MINISTERIO
FINANZAS
Y PRECIOS



MITRANS

FERROCARRILES NACIONALES



DESDE LHA A:	REGULAR		ESPECIAL	
	PRECIO ACTUAL (CUP / PAX)	NUEVO PRECIO (CUP / PAX)	PRECIO ACTUAL (CUP / PAX)	NUEVO PRECIO (CUP / PAX)
MTZ	10,00	75,00	18,00	90,00
VCL	30,00	225,00	48,00	275,00
SSP	38,00	280,00	56,00	345,00
CAV	45,00	345,00	66,00	420,00
CMG	60,00	425,00	84,00	520,00
LTU	70,00	515,00	105,00	630,00
HOG	80,00	590,00	114,00	720,00
BYM	90,00	575,00	114,00	670,00
SCU	95,00	670,00	132,00	820,00
GTM	100,00	710,00	138,00	865,00

La alimentación a bordo a precio de costo + un 3%.

Ministerio de Finanzas y Precios / Ministerio del Transporte

New prices for long-distance trains from March 1 (Source: Cubadebate)

The state ration booklet "Libreta", through which a basic stock of heavily subsidized food is distributed, is receiving major adjustments for the first time in years. Cuba's government announced the abolition of the "Libreta" in 2008, but this has been repeatedly postponed due to the economic situation. It now appears that it will be retained as a distribution instrument for the foreseeable future, although the price supports will be differentiated for the first time this year and subsidies will primarily benefit vulnerable groups. "It is unfair that those who

have a lot receive the same as those who have very little. Today, we subsidize the owner of a large private company who has a lot of money just as much as a poor old pensioner," explained Marrero.

A nationwide survey of vulnerable groups is currently being carried out by the Ministry of Labor and Social Affairs and will be completed in the "coming weeks and months".

The first Libreta stores (bodegas) are already stocking additional products such as shower gel, spices, beer, and other foods at non-subsidized prices. This is to be introduced throughout the country over the course of the year.

Salaries in the education and healthcare sectors have been increased as part of the package as of January 1, 2024. The basic salary of a primary school teacher is 4010 pesos per month, while a family doctor earns 5060 pesos in the first year. A bonus of 1000 pesos will now be added after five years of service, rising in several stages to 3000 pesos after 30 years of service. In addition, there are new special bonuses for night shifts, extra workloads and special efforts. This is intended to curb the high staff turnover in both sectors and provide an incentive to return to work. Since 2020, the number of doctors in Cuba has fallen by 12,000 and 1,300 university lecturers have left their posts.

In addition to adjusting prices, salaries and subsidies, the introduction of a new exchange rate was also announced. The official exchange rate for the state sector is currently 24:1 to the US dollar. For the population, the exchange rate is 120:1 (which can only be used in one direction, when selling foreign currency), while the dollar is currently being traded for 270 pesos on the informal market. Marrero said that studies are being carried out by a central bank working group to determine an "economically justified and stable exchange rate", which will be introduced in the course of the year.

There are also innovations for the now around 10,000 small and medium-sized enterprises (SMEs) in the private sector, which imported goods worth over one billion US dollars in 2023, which has led to a massive increase in supply. However, prices are unaffordable for many Cubans due to the peso's dwindling purchasing power. Marrero announced that the licensing of new private companies at municipal level would begin in the course of the year. Until now, authorization from the Ministry of Economy in Havana has been required for every new company. The customs tariff for finished products manufactured in Cuba itself (e.g. rum, tobacco, soft drinks and beer) is to increase by 15-30 percent. At the same time, customs duties on raw materials and intermediate goods will be reduced by 50 percent in order to create more incentives for local production. The customs reform is also intended to counteract the widespread under-declaration of profits by skimming income directly from imports. This can be seen as an intermediate fiscal policy step until a functioning tax infrastructure is established.

The 10 percent sales tax, which was previously only levied on sales in the state retail sector, will apply to the entire economy from this year.

The customs exemption for private imports of food, medicines and hygiene products introduced in 2021 will no longer be extended by six months for the first time, but only until March 31, 2024, which indicates a possible expiration of the measure.

Cuba's government wants to provide institutional support for the sector with a new institute for private economic actors. A business law ("Ley de Empresas") is to be passed in July in order to make the approximately 2,500 state-owned companies more competitive.

Parliament also passed a new version of the health code, which replaces the previous code from 1983. The free and preventative nature of the healthcare system remains unchanged. What is new is that services that are considered elective and aesthetic and are not due to medical indications, illnesses, their consequences, or accidents must be paid for. This makes it possible to carry out commercial cosmetic surgery in order to open up new sources of income for the sector. The law also creates a framework for palliative measures and euthanasia, the introduction and formulation of which will require further standards that will be the subject of public debate.

Accusations that the program is a "neoliberal shock therapy" were rejected by Economy Minister Alejandro Gil. The aim is to control spending in order to curb the foreign exchange deficit and gain the ability to act. "The program is the result of an extensive process of consultation and analysis by government institutions, with the participation of academics, party cadres, and opinion polls among the population," explained the minister. "The measures were taken to preserve the social achievements of the revolution."

Appendix: List of petrol stations where you can fill up your rental car with card payment from February 1:



No	PROVINCIA	NOMBRE	DIRECCIÓN
1	Pinar del Rio	SC Pinar del Rio	Carretera Central, Km 871/2, Rpto. Hermanos Cruz.
2		SC América	Rafael Morales, No. 238, e/ Hidalgo y Van Troi.
3	Artemisa	SC El Rosado (Caimito)	Ave 41, No. 5023, e/ 50 y 52, Caimito
4	La Habana	SC La Copa	42 y 3ra, Miramar, Playa
5		SC El Arbolito	42 y 33, Rpto. Almendares, Playa
6		SC El Modelo (Línea y E)	Línea y E, Vedado, Plaza de la Revolución.
7		SC 1ra y 40	1ra y 40, Miramar, Playa.
8		SC Intermittente Guanabo	Vía Blanca y 462, Guanabo, Habana del Este.
9	Mayabeque	SC Catalina	Carretera Central, Km 46, Catalina de Güines.
10	Matanzas	SC Los Pinos	Carretera Cidra, Km 3.
11		SC Calle 17	Calle 17 y Autopista, Varadero.
12	Cienfuegos	SC Bahía	Calle 37 y 40.
13		SC Km 177	Km 177, Autopista Nacional.
14	Villa Clara	SC Capiro	Carretera a Camajuani y Obdulio Morales.
15		SC Camajuani	Independencia, No. 219 e/ L. Pérez y B. Ramírez, Camajuani





RED DE SERVICENTROS EN USD



No.	PROVINCIA	NOMBRE	DIRECCIÓN
16	S. Spiritus	SC Internacional	Bartolomé Maso, No. 411, e/ Garaita y del Medio, S. Spiritus.
17		SC La Boca	Pedro Zerquera, No. 54, Trinidad.
18	Ciego de Ávila	SC Ciego de Avila	Carretera Central, Km 444, Esq. Independencia, C. de Avila
19		SC Nueva Imagen ⁽¹⁾	Circuito Norte, Carretera Bolívar, Morón
20	Camagüey	SC Sputnik	Carretera Central Oeste y Gral. Gómez, Camagüey.
21	Las Tunas	SC Luanda	Francisco Varona, esq. Menocal, Las Tunas.
22	Granma	SC Especial	Carretera S. de Cuba, e/ 3ra y 2da, J. Menéndez, Bayamo.
23	Holguín	SC Transtur	Carretera a Bayamo, Holguín
24		SC Aguada Las Piedras	Aguada La Piedra, Guardalavaca, Banes.
25		SC Nuevo Mundo	Carretera Moa - Baracoa, km 6 1/2, Holguín
26	Stgo de Cuba	SC Oriente	Carretera del Morro y A., Rpto. Vista Hermosa, Stgo de Cuba.
27		SC Melgarejo	El Cobre (Melgarejo), Santiago de Cuba.
28	Guantánamo	SC La Salida	Carretera Santiago de Cuba, km 1, Guantánamo.
29		SC Cabacú	Carretera a Guantánamo, Km 2, Baracoa.

Nota:

En el proceso de implementación podrán proponerse modificaciones de servicentros, en caso que se requieran

⁽¹⁾ Este Servicentro venderá en servicio mixto (CUP y USD) ya que está ubicado en Morón a la entrada de los Cayos.



[\(Cubaheute\)](#)