Economic Overview

By the end of the 1976-80 five-year period, Gross Social Product * was growing at an average rate of 4% per year, at constant prices. During 1981, this fundamental indicator of material production grew at an annual average rate of 12% as valued at current prices in Cuban pesos according to local authorities. However, over the same period, the value of the Cuban peso fell by 9.2% with respect to the U,S. dollar. GSP, therefore, remained relatively unchanged at approximately twenty-seven billion in terms of U.S. dollars.

Despite the strategy aimed at diversification of the industrial base, the cultivation of sugar cane and its processing remains the backbone of the national economy. Raw sugar accounts for over 80% of the value of Cuba's total exports. As the leading world exporter, the state of the international sugar market is of paramount importance to the well-being of the Cuban economy. During the past twelve months, the price of sugar has fallen from 17¢ U.S./pound (at which average production costs are just being covered), to the current level of 7¢ U.S./pound.

One of the implications of this market condition is that hard currency resources are significantly more limited than originally forecast at the time the Five-Year Plan was adopted. This has necessitated cutbacks in the 1982 buying programs, in an attempt to conserve hard currency reserves, causing some delays in the execution of Cuba's industrial development projects.

Forecasted in the 1982 National Economic Plan is a modest rate of growth which should not exceed 2.5%.

Foreign Trade

Foreign trade represents one-quarter of GSP with the total value of exports and imports increasing at an annual average rate of 10%. Last year trade with other members of the Council for Mutual Economic Assistance (CMEA), primarily with the Soviet Union, accounted for 75% of Cuba's total foreign trade.

Although hard currencies held in reserve are somewhat more plentiful than in the early years following the Revolution, Cuba continues to restrict most imports from market economy countries to those items considered essential or unavailable from its CMEA partners.

* GSP is equivalent to the value of all goods and productive services generated in the country in the course of a year.

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