

# **Economic and Social Policy Guidelines for the Party and the Revolution**

Revolution is having a sense of the historical moment; it is changing everything that must be changed; it is full equality and liberty; it is to be treated and treating others as human beings; it is emancipating ourselves by ourselves and through our own efforts; it is defying powerful dominant forces within and outside the national and social milieu; it is defending the values in which we believe at the cost of any sacrifice; it is modesty, disinterest, altruism, solidarity and heroism; it is to struggle with audacity, intelligence and realism; it is to never lie nor violate ethical principles; it is the deep conviction that there exists no force in the world capable of crushing the force of truth and ideas. Revolution is unity, independence; it is to struggle for our dreams of justice for Cuba and for the world, which is the basis of our patriotism, our socialism and our internationalism.

Fidel Castro

May 1, 2000

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The economic battle constitutes today, more than ever, the principal task and the key ideological work of the cadres, because on this depends the sustainability and preservation of our social system.

General Raul Castro

Closing speech to the 9th Congress of the Union of Young Communists,

April 4, 2010

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## **Introduction**

In proposing economic policy guidelines, in the framework of the 6th Congress of the Cuban Communist Party, it is necessary to make an evaluation of the state of the economy and the problems to resolve, taking into account the principal events and circumstances, both external and internal, since the last Congress [in 1997].

With regard to the external factors, the international context is characterised by the existence of a systemic structural crisis that is simultaneously an economic, financial, energy, food and ecological crisis, with a greater impact in the underdeveloped countries.

Cuba, with an open economy and dependent on its external relations, has not been exempt from the impact of this crisis, which is expressed in price instability of the products it exchanges, in the demand for its export products and services, as well as greater restrictions on the possibilities of obtaining external financing.

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Between 1997 and 2009, variations in the prices of exports and imports resulted in a net loss for the country of 10.149 million pesos in comparison to 1997 prices. On average, the purchasing power of goods exports declined by 15%.

Also, the country experienced the tightening of the economic, commercial and financial blockade that has been imposed uninterruptedly by the US for half a century, a situation that has not been changed by the present administration of that country, and that has resulted in great losses.

However, since the end of 2004, new possibilities of international collaboration opened up for Cuban in the framework of the Bolivarian Alliance for Our America (ALBA), which boosted sources of income from the provision of services, fundamentally medical services to Venezuela and other countries of the region. At the same time, commercial and financial relations with other countries — among the most important of which are China, Vietnam, Russia, Angola, Iran, Brazil and Algeria — increased substantially.

Climatic phenomena in this period caused great economic damage. The losses from 16 hurricanes from 1998 to 2008 amounted to \$20.564 billion dollars and those from droughts amounted to some \$1.35 billion between 2003 and 2005; to which must be added losses that occurred in 2009 and 2010, which are yet to be quantified.

Internally, there have been factors such as low efficiency, de-capitalisation of the productive base and of infrastructure, the aging of the population and stagnation in population growth.

Beyond the objectives proposed in the Economic Resolution of the 5th Congress, in this period it was necessary to reorient some policies to confront complex problems derived from the external environment, as well as those resulting from the internal environment.

On the other hand, as for the functioning of the economy, there was greater centralisation of the allocation and use of hard currency from 2003.

From 2005 the limitations of the economy to reduce the current account deficit of the balance of payments, bank deductions on foreign transfers and the high degree of debt maturity became apparent; all of which meant a great tension in economic management. This led to the adoption of several measures:

- Strengthening of institutionalism, including the reorganisation of the state and government;
- Emphasising the concept that the economic plan must be adjusted to available resources;
- Prioritising growth and diversification of exports and import substitution, designing special programs and measures to achieve this — among the most important of which are closed financing schemes that permit the use of hard currency in a decentralised way;
- Revision and reorientation of investment policies to better integrate them and avoid immobilisation of resources and other inefficiencies. Alongside this, the available external credit was redistributed towards objectives that had a positive short-term impact on the balance of payments;
- Renegotiation of external debt repayments;
- Transformations in the structure and functioning of the agricultural sector. The publishing of Decree Law 259 on the handing out of unused state farmland in usufruct aimed to boost food production and reduce imports.

- Additional measures for energy savings, including those linked to organisational aspects, such as the reorganisation of freight transport;
- Initiating a strategically important group of industrial investments with regard to the future development of the country; With the objective of lightening the burden on the state of some services it provides, experiments were begun; these included the substitution of workplace dining halls and worker transport for other arrangements, and the renting of barber shops and taxis to employees in these activities.

Even with the adoption of the above measures, given the existing complex panorama they have not resolved the principal problems which limit the performance of the economy, for which it will be necessary to:

- Make use of land that is still unproductive, some 50% [of farmland belonging to the state], and increase agricultural yields;
- Look for alternative sources of financing to stop the process of the de-capitalisation of industry and of the productive infrastructure of the country;
- Eliminate "inflated payrolls" in all economic sectors and restructure employment, including through non-state formulas, applying a labour and salary policy for surplus workers that eliminates paternalistic procedures;
- Increase labour productivity, elevating discipline and the stimulus of salaries and bonuses, eliminating egalitarianism in the mechanisms of income distribution and redistribution. As part of this process, it will be necessary to remove unnecessary gratuities and excessive personal subsidies;
- Recover the export capacity of traditional items; increase sustainably and diversity in the export of goods and services, as well as reduce the high dependence on imports with a view to reverse the external financing situation;
- Entrust greater powers, within the framework of the plan, to firms, and effectively boost the initiative of the territories [provinces and municipalities] to enhance their economic development in a sustainable manner;
- Carry out studies on the elimination of monetary duality.

Economic management through the planning system has been centred fundamentally on the problems of the external sector, which, together with the insufficient integration of the objectives of the plan, has contributed to perpetuating disproportions and the lack of correspondence between the plans of firms with that of the national economy. The Ministry of Economy and Planning dedicated its time fundamentally to the search for short-term equilibrium between what was necessary at each moment and the available resources, which ultimately led to it not playing the role that corresponds to it as the governing body of the economy.

For the next five years, economic policy must resolve the above problems based on the projection approved for this period.

## **Economic and Social Policy Guidelines**

The economic policy of the new stage corresponds to the principle that only socialism is capable of overcoming the difficulties and preserving the conquests of the Revolution, and that in the updating of the economic model, planning will be supreme, not the market.

In the economic policy that is proposed, socialism is equality of rights and opportunities for the citizens, not egalitarianism. Work is both a right and a duty; [it is] the personal responsibility of every citizen and must be remunerated according to its quantity and quality.

Beginning with the current conditions and the foreseeable international scenario, economic policy will seek to confront the problems of the economy through two types of solutions, which must be congruent with each other:

- Short-term solutions, aimed at eliminating the balance of payments deficit, which enhance the generation of external income and the substitution of imports and, in turn, respond to the problems of greatest immediate impact in economic efficiency, work motivation and income distribution, and create the necessary infrastructural and productive conditions to permit the transition to a higher stage of development;
- Longer-term, sustainable development solutions that permit a high degree of food and energy self-sufficiency, an efficient use of human potential, a higher level of competitiveness in traditional production areas, and the development of new forms of the production of goods and services of higher added value.

Flowing from the above, the following guidelines have been drawn up in each of the spheres of economic and social policy.

## **I. Economic management model**

### **General guidelines**

1. The socialist planning system will continue to be the principal means to direct the national economy and must in turn be transformed in its methodological and organisational aspects to accommodate new forms of management and guidance of the national economy.
2. The management model must recognise and stimulate — along with the socialist state enterprises, which are the principal form of the national economy — mixed capital enterprises, cooperatives, lessors of state-owned land in usufruct, lessors of state facilities, self-employed workers and other forms which may contribute to increasing the efficiency of social labour.
3. In the new forms of non-state management, the concentration of ownership in legal or natural entities shall not be permitted.
4. The structural, functional and organisational and economic changes to the enterprise system, the budgeted entities and the state administration in general will be carried out in a programmed way, with order and discipline, on the basis of the approved policy, which necessitates a training process in all of the structures which facilitate their implementation.
5. Planning will include not only the state enterprise system and Cuban mixed-capital enterprises, but will also regulate the relevant non-state forms, which implies a transformation of the planning system towards new methods of the development of the plan and of state control over the economy.
6. The separation of state and enterprise functions will proceed through a gradual and ordered process, in which the fulfilment of the established norms is fundamental to achieve the proposed goals.
7. It will be necessary to achieve an enterprise system made up of strong and well-organised firms, and create new organisations of higher-level enterprise management. General rules will be drawn up for these organisations.
8. The increase in the powers of the enterprises will be accompanied by a greater level of responsibility for control over the material and financial resources they manage.

9. Supply markets that sell at wholesale prices, without subsidies, will be developed for the enterprise system and budgeted sector, cooperatives, lessors, usufruct farmers and self-employed workers.
10. The fulfilment of contracts between economic entities, with regard to the quality of the negotiation process and their drafting and signing, will be required as a key performance indicator.
11. The powers and financial instruments to be used by enterprises to direct, organise and carry out the production of goods and services will be clearly defined.
12. The internal finances of enterprises cannot be the subject of intervention by outside bodies; this can only be done through the legally established procedures.
13. Enterprises [will] decide on and administer their working capital and investments up to the limit specified in the plan, and according to the regulations that will be established.
14. Control over enterprise management will be based principally on economic-financial mechanisms, in place of administrative mechanisms, removing the existing burden of controls on enterprise activity.
15. The increased responsibility and power of the enterprises makes the strengthening of their system of internal control indispensable for achieving the desired results with regard to the fulfilment of their plans and goals with efficiency, order, discipline and the strict observance of legality.
16. State enterprises that demonstrate sustained financial losses, insufficient working capital, that cannot honour their contractual obligations, or that obtain negative results in financial audits, will be summoned to a process of liquidation, complying with what is established in this regard.
17. Enterprises, as a rule, will not receive budgetary financing to produce goods and services.
18. Enterprises — after paying taxes and complying with other commitments to the state, and having fulfilled the established requirements — may create funds from their surpluses for development, investments and worker incentives.
19. The incomes of the workers of an enterprise will be linked to the final results obtained.
20. To contribute to local development, enterprises will pay a centrally determined territorial tax to the Municipal Administration Councils [of People's Power] in which their firms operate.
21. Subsidies for losses will be eliminated. Enterprises will contribute part of their after-tax surplus towards a compensation fund for financial imbalances held by the higher-level enterprise management body.
22. Enterprises will be able to independently decide the number of workers on their payroll.
23. Within the framework of the pricing policy of the competent body, enterprises will decide — flexibly and transparently — the prices of the products and services they offer, and may lower them when considered necessary.
24. Research centres that serve the production of goods and services should be part of the enterprises or higher-level organisations of enterprise management, wherever possible, in a way that effectively ties their research work to the respective production.

## **Cooperatives<sup>2</sup>**

25. [Cooperatives] will be based on the free association of the workers that comprise the cooperative. They may be owners of means of production, lessors [of state property] or may use such property in permanent usufruct.
26. The General Rules of Cooperatives should specify that cooperative property cannot be sold, rented or leased to other cooperatives or non-state forms of production.
27. Cooperatives [shall] maintain contractual obligations with other cooperatives, enterprises, budgeted entities and other non-state forms, and sell directly to the public according to their approved social objective.
28. Cooperatives, on the basis of what is established in their general rules, [shall] determine the incomes of their workers and the distribution of profits, and pay state taxes and required contributions [e.g., social security].
29. First-order cooperatives may voluntarily agree with other cooperatives to constitute second-order<sup>3</sup> cooperatives with juridical personalities and inheritance rights, with the objective of organising common processes (of production and services) and buying and selling together with the view of achieving greater efficiency.

## **Budgeted system**

30. Budgeted entities fulfil state and government functions and others, such as health care and educational services. This does not define their social objectives, but rather their obligations and responsibilities.
31. The number of budgeted entities will be reduced to the minimum that guarantee the fulfilment of the functions assigned them, with the prime criterion being the maximisation of savings on personnel and for the state budget with regard to material and financial resources.
32. Budgeted entities to provide productive services or for the production of goods will not be created. Budgeted entities that can finance their costs from their own incomes and generate a surplus will become self-financing, while fulfilling the duties and responsibilities assigned to them, or they will be converted into enterprises.
33. Budgeted entities that are only able to cover part of their expenses with their incomes will be given approval to have part of their costs financed from the state budget.
34. The management system governing the organisational, economic and oversight functions of the budgeted entities will be drawn up, simplifying their accounting.

## **Territories**

35. The Provincial and Municipal Administration Councils will fulfil state functions and will not intervene directly in enterprise management.
36. The relationship between the state functions carried out by the provincial and municipal administrations and those of the Organs of the Central State Administration will be defined, making clear the boundaries, links and work regulations and methodologies that will apply.

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<sup>2</sup> A cooperative is an economic organisation that is a juridical personality with inheritance rights created to produce goods and services useful to society, assuming all expenses incurred from its income.

<sup>3</sup> Union of various cooperatives by mutual agreement.

37. The development of local projects, especially those related to food production, must work towards municipal self-sufficiency, where the principle of financial self-sustainability will be an essential element of this effort, in harmony with the objectives of the national economic plan.
38. In this endeavour, the Municipal Administration Councils will play a fundamental role in the execution of these projects.

## **II. Macroeconomic Policies**

### **General guidelines**

39. Achieve better coordination between the objectives of the national economic plan and the design and scope of monetary and fiscal policies.
40. Achieve external [financial] equilibrium, beginning with a favourable balance of payments current account<sup>4</sup>, sustained by the behaviour of the real economy that allows for the compensation of the imbalance in the financial account.
41. Guarantee the maintenance of an appropriate relationship between accumulation [i.e., investment] and consumption, and define the rate of accumulation needed, taking into account the process of recapitalisation that the economy requires. In addition, it is essential to establish a more effective relationship between consumption on the basis of incomes from work and the social consumption funds.

To guarantee the production of goods and services:

42. Labour productivity growth that surpasses growth of the mean income of the workforce.
43. A sustained increase in economic efficiency that will allow for the progressive reduction of the levels of assistance provided by the state.
44. An appropriate link between the expansion of social services and the dynamism of the sectors that produce goods and services that increase the material wealth of the country.
45. A sustainable medium and long-term relationship between the imported component of the productive processes and the economy's capacity to generate hard currency incomes.

### **Monetary policy**

46. Ensure an adequate focus on short, medium and long-term monetary planning oriented to achieving internal and external monetary equilibrium, not in an isolated way but in an integral fashion.
47. Establish appropriate rules for monetary issue and opportunely employ the indicators that allow for its regulation.
48. Develop an efficient inter-bank market that allows, among other things, the creation of a more rational and well-founded system of interest rates, and enhance the use of monetary policy instruments (such as administrative control of credit, obligatory deposits by commercial banks in the central bank, the regulation of interest rates and loans to financial institutions) to manage periodic monetary disequilibria.
49. Apply a credit policy with the basic objective of providing assistance to those activities that stimulate national production, generate incomes in hard currency or substitute imports, and others that guarantee economic and social development.

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<sup>4</sup> Exports of goods and services, minus imported goods, plus dividends, remittances etc.

50. Study the interest rates of savings accounts, the creation of capitalisation accounts and savings accounts for specific projects, and access to personal credit for the purchase of goods and services.
51. Provide necessary banking services, which include the granting of credit to the non-state sector of the economy to contribute to its adequate functioning.
52. Manage monetary policy to regulate the amount of currency in circulation and the levels of credit, based on what is established in the plan and using the instruments defined above, with the aim of contributing to the achievement of monetary and exchange rate stability, and thus orderly economic development.
53. On the demand side, the correspondence between the growth in the amount of money and the circulation of retail merchandise, as well as the possibility of guiding this relationship in a planned way in the medium term, will continue to be the key instrument to achieve monetary and exchange rate stability in this sector; this being a necessary condition to advance towards the reestablishment of the functioning of the socialist law of distribution (from each according to their ability, to each according to their work).

### **Exchange policy**

54. We will advance towards monetary unification in a process that will depend fundamentally on the growth of labour productivity, the effectiveness of the mechanisms of distribution and redistribution, and the availability of goods and services. Because of its complexity, this will demand a rigorous preparation and execution on both the objective and subjective planes.

### **Fiscal policy**

55. Fiscal policy must contribute to a sustained increase in economic efficiency and the revenue coming into the state budget, with the aim of supporting public spending at levels that maintain an adequate financial equilibrium.
56. The tax system must be developed in its progressiveness and scope to make it more effective as a mechanism to redistribute income, while making a positive contribution to policies aimed at the improvement of the economic management model.
57. The tax system will be based on the principles of universality and equity with regard to the tax burden. There will be higher taxes on higher incomes to contribute to the mitigation of inequality.
58. A culture of taxation and social responsibility for the complete fulfilment of tax obligations by citizens and entities will be cultivated to develop the civic value of contributing to the maintenance of social spending and high levels of fiscal discipline.
59. Social spending will be within the framework of the real possibilities of the financial resources generated by the country's economy, and it will be rational so as to guarantee planned levels of activity without affecting quality.
60. There shall be the continued application of fiscal stimuli and the study of other measures that will contribute to the elimination of subsidies to exportable financing and to those that substitute imports, maintaining the latter while keeping the current official exchange rate. Preferential tariff structures and discounts will continue to be prioritised when it is considered appropriate to do so, based on the principle that export financing as well as production that substitutes imports must be profitable.

### **Pricing policy**

61. The pricing system must be the object of a comprehensive review to enable a correct measurement of economic activity, stimulate efficiency, increase exports and substitute imports, and eliminate subsidies and undue gratuities.
62. The centralised character of policy decision making and the degree of planning of the prices of products and services, which the state has an interest in regulating, will be maintained.
63. Mechanisms that allow greater flexibility for enterprises to set other prices will be established. This will include regulations to ensure that the interests of the country prevail over those of enterprises, sectors and territories without covering up inefficiencies; based on foreign trade prices, all of which will require a strengthening of control.

### **III. External economic policy**

#### **General guidelines**

64. Guarantee the comprehensive application of commercial, fiscal, credit, labour and other policies to ensure the desired results of Cuban foreign trade in the development of exportation and the substitution of imports in the briefest timeframe possible.
65. Work with maximum rigour to strengthen the credit ranking of the country in its international economic relations through the strict fulfilment of contractual commitments.
66. Continue giving maximum attention to the ethical conduct and technical preparation of the cadres responsible for promoting the international economic interests of the country, and favour the decentralisation of enterprise decision-making along with the strengthening of the economic, financial, technical and legal preparation of the different negotiating teams and groups.
67. Apply the principle that “those who negotiate do not decide” in all activities undertaken by the country in the sphere of international economic relations.

#### **Foreign trade**

68. Increase and consolidate revenue through the export of goods and services, for which solutions will have to be found to all those aspects of an internal nature which today constitute obstacles to exportation; create a real interest in exportation at the level of the country and base the most important and strategic decisions on objective and updated studies of the market.
69. Diversify the destinations of exportable goods and services, as well as maintain the priority and attention given to the social principles of the country and achieve greater revenue stability.
70. Diversify the structure of goods and services exports, with preference to those with greater added value and technological content.
71. Broaden and consolidate the mechanisms of international pricing as a way to protect and promote revenue from the international commercialisation of nickel, sugar, petroleum, coffee, cacao and other products whose characteristics permit this.
72. Develop an integral strategy for the exportation of goods and services, particularly professional services, which includes the creation of an appropriate legal framework and efficient commercial structures, with the capacity to promote joint ventures with foreign capital that guarantee the optimal use of the potential created by the country.

73. Prioritise, in the exportation of goods and services, the sale of technological projects and solutions involving the sending of individual workers. Develop external commercialisation programmes for comprehensive computer developments and applications.
74. Create and develop a strategy to guarantee new markets for the export of medical services and products of the medical pharmaceutical industry.
75. Recover and develop seafood export markets for lobsters and prawns, as well as review current commercialisation schemes to make them more flexible.
76. Ensure, in enterprises and entities linked to exports, that all goods and services destined for international markets conform to the highest standards of quality.
77. Prioritise, in export activities, the comprehensive provision of the necessary resources in all the links of the value chain to guarantee the planned levels of exports. Design the organisation of the corresponding approaches to ensure this.
78. Achieve greater rationality in the country's management of imports through the reorganisation of enterprises that carry out foreign trade activities and through a better assignment of product classifications to achieve effective utilisation of the country's purchasing power.
79. Increase the efficiency of the importation process, among other factors, through the development of the wholesale market and especially the reorganisation of consignment activity.
80. Promote an accelerated process of import substitution that guarantees the maximum possible utilisation of all capacities at the country's disposal in the agricultural and industrial sectors and in human resources.
81. Work systematically, in enterprises that import machinery and equipment, to identify the capacity to fabricate these lines nationally. On this basis, promote agreements of mutual benefit between Cuba's machine industry and foreign manufacturers with which they have relations. Through such technology transfer, technical assistance and other means, there tends to be a gradual substitution of imports, especially spare parts and components.
82. Promote international machine industry cooperation agreements and modify the structure of exports, favouring metallurgical production and services.
83. Design and establish mechanisms to channel the demand for imports arising from the non-state sectors of production and make possible the realisation of potential export funds.
84. Eradicate, in the entities that deal with foreign commerce, deficiencies due to the lack of analysis of contractual prices and international market prices, poor utilisation of memoranda of intent that underpin commercial decisions, improper formulation and negotiation of clauses and key specifications in contracts, and insufficient control over the fulfilment of contractual parameters and clauses that protect the interests of the country.

### **Debt and credits**

85. Energise the process of foreign debt restructuring with maturity in the short, medium and long term that affect the functioning of the national economy. Design and apply strategies for the flexible restructuring of debt repayment and conclude these processes in the briefest possible timeframe to allow growing and sustained economic performance that opens up access to new financing.
86. Guarantee that commitments made in debt restructuring are strictly complied with.

87. Ensure that external financing is included in the National Economic Plan and does not constitute a source of deterioration in the external financial situation of the country.
88. Establish a policy for the coordination of new credits and their rational use, as well as for the management and control of the country's debt levels. Revise the existing regulations and enact new ones aimed at ensuring the fulfilment of this policy.

### **Foreign investment**

89. Continue promoting the participation of foreign capital, as a complement to national investment efforts, in those activities of interest to the country and in relation to projections for economic and social development in the medium and long term.
90. Ensure that the attraction of foreign capital satisfies diverse objectives, such as access to advanced technology and management methods, diversification and broadening of export markets, import substitution, the contribution of medium and long-term external financing for the construction of the productive objective and/or working capital for its operation.
91. Improve regulations and procedures for the evaluation, approval and instrumentation of the participation of foreign investment. Rigorous control over the fulfilment of regulations, procedures and contractual commitments by the foreign partner will be established through an International Economic Association.
92. A time limit must be established on those joint-venture enterprises or constituted international economic associations that fail to start operating within the anticipated timeframe and their fate must be decided, avoiding the indefinite consumption of resources and increasing inefficiency.
93. Promote, through the establishment of an International Economic Association, the obtaining of added revenue for the country— in addition to salaries, taxes and dividends — through the lending of diverse services and supplies by national enterprises.
94. Favour, in the process of promoting investments, the diversification of participation by entrepreneurs from various countries.
95. Create and continuously update an investment portfolio of projects for possible negotiation with foreign participants.
96. Promote the creation of Special Development Zones that allow for increasing exports, import substitution, high technology projects and local development, and that will contribute to new sources of employment.
97. Ensure that economic activity of the international economic associations correspond to the projections in the National Economic Plan.
98. Evaluate existing associations/joint ventures with foreign capital and make any necessary adjustments in such a way that they are adjusted to the requirements of the country.
99. Analyse, among alternatives for financing via foreign investment, those industries that, while not producing exports, are indispensable to ensuring other production essential to the economy or in the substitution of imports.
100. Promote, always with economic justification and when beneficial, the establishment of external enterprises and alliances that favour the better positioning of Cuba's interests in external markets.

## **Collaboration**

101. Favour international collaboration in which Cuba receives and provides according to the national interests, and ensure that all activities are included in the National Economic Plan such that the coherence of these activities is assured.
102. Improve and supplement the legal and regulatory framework, both for the provision of economic and scientific-technical collaboration that the country gives and receives.
103. Continue developing international solidarity through the collaboration that Cuba offers, and establish the necessary financial records and statistics that will allow the required analysis, especially of costs.
104. Consider, to the extent possible, compensation for solidarity collaboration that Cuba provides, at least for the costs.
105. Promote multilateral collaboration, especially through the UN institutions, that brings financial resources and technology to our country in accordance with national development priorities.
106. Prioritise, in relation to international collaboration organisations, materials and technical assistance in the development of diverse sources of renewable energy.

## **Economic integration**

107. Give priority to participation in the Bolivarian Alliance for the Peoples of Our America (ALBA), and work quickly and intensely for coordination, cooperation and economic complementarity in the short, medium and long term, for the achievement and deepening of the economic, social and political objectives it promotes.
108. Continue active participation in the economic integration of Latin America and the Caribbean as a strategic objective, and continue participating in regional commercial integration initiatives in which Cuba is involved; these include: the Latin American Integration Association (ALADI), the Caribbean Community (CARICOM), the Association of Caribbean States (AEC), PetroCaribe and others; and continue strengthening the unity of its members.

## **IV. Investment policy**

### **Guidelines**

109. The most critical investments will respond to the short, medium and long-term development strategy of the country, eradicating spontaneity, improvisation, superficiality, and lack of scope, depth in feasibility studies and integrality in the undertaking of an investment.
110. Investments will be oriented with priority given to the productive sphere to generate revenue in the short term. These will be directed towards increasing exports of goods and services, the effective substitution of imports, as well as towards those infrastructure investments necessary for the development of the country's economy. Maintenance activities must be prioritised before making investments.
111. The Ministry of Economy and Planning will demand more from the Organs of the Central State Administration and the Provincial Administration Councils regarding comprehensive attention to their investment process, from initial conception to the final evaluation, complying with the respective rules. The investor will have the greatest responsibility for planning, execution, control, financing and the implementation of their investments.
112. The quality and status of the General Territorial and Urban Zoning Plans will be elevated at the national, regional and provincial levels, as will their integration with medium and

long term economic projections and the Investment Plan. The practice of determining the most appropriate location [Spanish: *macrolocalización*] will be reintroduced as a working tool in planning to ensure depth, agility and response times in the required consultative processes of the Organs of the Central State Administration and the Provincial Administrative Councils with the System of Physical Planning. Territorial and urban discipline shall be reinstated.

113. Conditions for achieving the progressive decentralisation of the Investment Plan and a change in its concept will be promoted, conferring powers to approve investments to the Organs of the Central State Administration, the Provincial Administration Councils, enterprises and budgeted entities on the basis of global frameworks for sectors, branches and agencies. Indices of the physical execution and effectiveness of the plan, as well as the development and implementation of norms, will be employed to ensure an ordered functioning of the investment process that is real and flexible.
114. Contracts must constitute a working tool in planning and control at all stages of the investment process, principally in relation to agreed prices and timetables for execution.
115. Systems of payment, salary bonuses and penalties must be evaluated and proposed to all subjects in the investment process and linked with the results achieved in the different phases of the investment, including the new system of double shift bonuses, where the conditions to apply this exist.
116. Investments that are approved, as a norm, will demonstrate the capacity to recoup themselves through their own operations and must do this with external credit or their own capital. Their reimbursement will be effected through revenue generated by their own investment, either through increasing income or reducing costs.
117. An order of execution of investments must be established that allows the minimisation of the simultaneous immobilisation of resources in projects with a long maturation periods. As a matter of priority, it is preferable to plan and execute those projects with the most rapid response or that improve the integrality of key objectives.
118. For long-range objectives it is necessary to establish priorities in stages, which can begin functioning independently of the rest and can immediately begin to recoup the investment.
119. Investment projects in the industrial sector, creating capital goods and intermediaries for the national economy, must give a prioritised response to the strategic objectives of the country.
120. The principles and functions of new management techniques for the investment process will continue being assimilated and incorporated in state investments as well as through the participation of project managers and builders in International Economic Associations to deal with complex investments. To guarantee the execution of investments whose complexity and importance warrant it, the participation of foreign builders and project managers will be carefully assessed and regulated as needed to ensure the correct utilisation of these personnel and the assimilation of positive experiences.
121. Evaluations will be made of bids for design and construction services related to Cuban enterprises, proposing their regulation and implementation to boost the efficiency, competitiveness and quality required in the country's investment process.

## **V. Science, technology and innovation policy**

### **Guidelines**

122. Create the organisational, legal and institutional conditions to achieve a type of economic organisation and a system of generalisation that combines scientific research,

the development of new products and services, efficient production and export management.

123. The results achieved in the sphere of biotechnology, the production of advanced medical equipment, the software industry, educational technologies, and scientific and technological services of high added value will be sustained and developed; as will bioinformatics and nanotechnology.
124. Sustain and develop, also, research regarding climate change adaptation and mitigation, the conservation and rational use of natural resources, particularly of soils, water and forests; and of the social sciences, which is equally necessary in this regard.
125. For the correct orientation of industrial development, studies aimed at the formulation of an in-depth strategic industrial policy must be institutionalised and systematised on the basis of the dynamic trends of technological change. This will have the aim of orienting the industrial sector to be able to assume its proper role in the growing economy, with a productive sector capable of innovation and structural change so that it makes a significant contribution to boosting economic independence and technological sovereignty in strategic branches of the economy.
126. In the specific case of the agricultural sector, the application of science and technology must be promoted to increase food production and improve animal health in all links in the productive chain, decreasing production costs through the production of bio-fertilisers, insecticides and similar products that allow a reduction in imports and dependence on the external market in these lines.
127. In general, socialist enterprises will have to create the conditions to promote the integration of scientific and technological advances into the productive process where possible and necessary.
128. Urgently required work must be done to complete and apply the required legal instruments for the articulation of the System of Scientific and Technological Innovation.

## **VI. Social policy**

### **General guidelines**

129. Continue preserving the achievements of the Revolution, such as access to medical attention, education, culture, sports, recreation, retirement pensions and social security for those who need it.
130. Recover the role of labour as the fundamental means of contributing to the development of society and to the satisfaction of personal needs and those of families.
131. Guarantee the systematic and sustained increase in the quality of services offered to the public and redesign current policies according to economic possibilities.
132. Continue improving education, health care, culture and sports, for which it is essential to reduce or eliminate excessive costs in the social sphere.

### **Education**

In preschool, primary and secondary education work must be done to:

133. Continue advancing in the quality and rigour of the process of teacher education and achieve a better utilisation of existing capacities, through the construction of mixed centres that guarantee the formation of the different levels of education in correspondence with needs. This implies adjusting the size of centres and achieving a better use of the work force.
134. Create in every territory the teaching personal needed to respond to the needs of the educational institutions at the various learning levels.

135. Strengthen the role of the teacher in the classroom and ensure that audiovisual equipment and materials which complement teaching work are used correctly.
136. Gradually reorganise the school network, maintaining in secondary schools the indispensable minimum of intern students and reducing costs through arrangements for transport, food and other necessities.
137. Adjust the levels of activity in primary education, taking into account the demographic situation [i.e., low birth rate].

In higher education, work must be done along the following lines:

138. Graduation in the various fields of study will be in relation to the needs of social and economic development.
139. Boost the rigour and effectiveness of the educative process to increase efficiency of the cycle (the percentage of graduates in relation to university admissions five years prior).
140. Change the structure of instruction in educational fields by increasing by 50% those at the mid-levels and proportionally reducing those at the higher levels in these specialties.
141. Update the training and research programmes in universities in line with new technology, and increase rates of graduation in technological and basic science fields accordingly.
142. Reaffirm that the conditions created for workers to study are based on the principle that such study must be done in their free time and through their own efforts.

### **Health**

143. Enhance the quality of service provided, alongside savings through the efficient use of resources and the elimination of unnecessary costs.
144. Reorganise the territorial basis of services and efficiently use technology at their disposal. Enhance clinical diagnosis and utilise complementary studies rationally, especially those of the most costly technology. Consolidate and require the use of protocols for illnesses.
145. Continue using educational opportunities to discourage self-medication by the public, and implement other measures that contribute to the rational use of medicine.
146. Give maximum attention to the development of natural and traditional medicine.
147. Strengthen promotional and preventative actions that reduce or prevent the appearance of non-transmissible chronic illnesses and their consequences.
148. Adjust the training of newly admitted students in medical specialties, essentially in health care technologies, to the needs of the country.

### **Sports**

The development and promotion of physical culture and sports in all its manifestations will be prioritised as a means of educating and contributing to the integral development of the citizenry, for which it will be necessary to:

149. Concentrate attention on the mass practice of sport and physical activity through the reorganisation of the sports system and the restructuring of its network of sports centres.
150. Boost the quality of the instruction of athletes and teachers, as well as promote rationality in expenditures on the organisation of events and competitions.

## **Culture**

151. Continue developing artistic education, creation, art and the capacity to appreciate it; as well as the defence of identity and the conservation of the cultural patrimony, all of which must be done while ensuring the effective use of available resources.
152. Generate news sources of income, evaluating all the activities that can be transferred from the budgeted sector to the enterprise system.
153. Rationalise artistic instruction and the training of art instructors.

## **Social security**

154. Reduce the relative contribution of the State Budget in the financing of social security, which will continue to increase along with the growth in the number of retirees. Therefore it will be necessary to continue expanding the contribution of state sector workers and applying special conditions on the non-state sector.
155. Give particular attention to the study and implementation of strategies in all sectors of society to address the high levels of population aging.

## **Employment and wages**

156. Ensure that wage policies guarantee that each worker receives according to their work, and that this generates quality products and services.
157. Prioritise the application of wage increases to those jobs that generate hard currency (or result in it's saving), produce food and other indispensable consumer goods, and work that contributes to the investment process. Special attention must be given to stimulating the incorporation of scientific advances and new technologies in production, on the basis of the real results obtained through their application.

Modify the structure of employment, reducing inflated payrolls and expanding work in the non-state sector; for this it will be necessary to:

158. Expand the scope of self-employment, not only as an alternative employment option but as a contribution to increasing the availability of goods and services. Apply a tax structure that guarantees that self-employed workers contribute according to their incomes.
159. Develop job placement procedures based on the principle of demonstrated suitability, contributing to the elimination of paternalistic practices. Stimulate the necessity to work and reduce expenditures in the economy and the State Budget.
160. Plan the training of a qualified workforce in relation to current needs and the country's development, for which it is necessary to correct present deformations in the structure of training high-level specialists, mid-level technicians and qualified workers.
161. Strengthen the role of wages in society, for which it will be necessary to reduce unnecessary gratuities and excessive personal subsidies, while establishing compensation for those who need them.
162. Implement the orderly elimination of the ration book system as a form of distribution that is regulated, egalitarian and subsidised, and which favours both those citizens who need it and those who do not, therefore encouraging people to exchange and resell these products, [thus] stimulating a black market.
163. Maintain social dining halls in the sphere of social services, in the centres of health and education that require them. It is necessary to improve methods of protecting the nutritionally vulnerable or at-risk population.
164. Maintain workplace dining halls where essential, ensuring the sale of these services at non-subsidised prices.

165. Guarantee that the beneficiaries of the protection offered by social assistance are people who really need it because they are unable to work and cannot count on the support of their families. Eliminate benefits that can be assumed by people or their families, and adjust others that are presently offered in relation to increases in benefits and pensions in recent years. In parallel, all social work must be integrated through a single coordinating centre.

## **VII. Agro-industrial policy**

### **Guidelines**

166. Progressively contribute to the country's balance of payments through this sector. [The nation must] cease being a net importer of food and decrease the high dependence on financing that today is covered with revenue from other sectors.
167. Adopt a new management model in accordance with a greater presence of non-state forms of production that will have to sustain themselves through more effective utilisation of monetary-commercial relations, delimit state functions from those of enterprises as a means of promoting greater producer autonomy to boost efficiency and to make the gradual decentralisation towards local governments possible.
168. Adapt current legislation in relation to transformations in the productive base to facilitate its efficient and competitive functioning, and decentralise the system of economic and financial management. Apply reliable instruments of control and information.
169. Grant independence to the different forms of cooperatives from the intermediation of state enterprises, and gradually introduce integral services cooperatives in agro-industrial activity at the local level.
170. Adjust agricultural food production to demand and the transformation of commercialisation, elevating quality and contractual obligations so that the parties fulfil their obligations; limit centralised distribution to those lines linked to the national balance of payments; give a more active role to market mechanisms in relation to other production.
171. Restructure the current system for the commercialisation of inputs and equipment in correspondence with the new food production scenario and the financial mechanisms that will be implemented, allowing productive entities direct access to these resources through the network of stores to be approved for this purpose in the territories.
172. Modify the system of collection and commercialisation of agricultural products through more flexible forms of management that contribute to reducing losses in the production chains; simplify links between the primary producer and the consumer, and increase benefits to improve the quality of products provided.
173. Prioritise, in the short term, the substitution of imports of those foods that can be produced efficiently in the country. The resources to stimulate this must be concentrated where there exist the best conditions for their effective deployment, with the aim of increasing yields and productive efficiency; at the same time, the application of the results of science and technology must be enhanced.
174. Organise food production in those activities that generate external incomes or that substitute imports, applying a systematic focus or a production chain that takes into account not only primary production, but all links that revolve around the agro-industrial complex. These chains will be developed with the system's own resources through net export revenue or from savings via import substitution. In the organisation of other food production, a territorial focus must predominate, above all, directed

towards self-sufficiency at this level, with an emphasis on the execution of the urban agricultural program, which must be extended to the whole country.

175. Appropriately link agricultural production centres with the processing industry, with the aim of guaranteeing the supply of food to large cities, for export and the internal hard-currency market.
176. Continue reducing the amount of unutilised farmland and increase yields through diversification, crop rotation and polyculture. Develop sustainable agriculture in harmony with the environment while promoting the efficient use of plant and animal resources, including seeds, varieties and technology, and maximise the use of organic composts, bio-fertilisers and bio-pesticides.
177. Achieve similar productive yield on land granted in usufruct as those in the cooperative and small-farmer sectors, where the producers will not be salaried employees but will depend on their own incomes. Prices of the majority of products will be determined by supply and demand and, as a norm, will not be subsidised.
178. Give special attention to the development of profit [sic] and other activities that incorporate value in agricultural products, improve their quality and presentation, save on transport and the costs of distribution and warehousing, integrate small food processors at the local level with large-scale industry, with a view to maximising the availability of food on the internal market, including exports and the substitution of imports.
179. Revive the national citrus fruit industry and ensure the efficient commercialisation of its products in international markets.
180. Develop an integral program to promote the planting of forests, prioritising the protection of watersheds, particularly those of reservoirs, hydro-regulatory fringes, mountains and coasts.
181. Give special attention to the reorganisation of the labour force of this sector, adopting measures that stimulate their continuity and the incorporation of new workers.
182. Organise the workforce into collectives, achieving the correct link between people and the land and the final results of work, thereby boosting the productivity of agricultural workers and improving their incomes and quality of life.
183. Develop an integral system of training in relation to structural changes, aimed at the education and retraining of workers in the fields of agronomy, veterinary science, industrial technology, economics, administration and management; within which will be included training related to cooperative and environmental management.
184. Concentrate investments among the most efficient producers, taking into account territorial characteristics and links to industry, with priority given to irrigation and the reconditioning of agricultural and industrial equipment necessary to absorb increased productivity and achieve greater efficiency.
185. Reorganise irrigation and agricultural machinery services to achieve a rational use of water, hydraulic infrastructure and the available agricultural equipment, combining the use of animal traction with advanced technology.
186. Guarantee specialised banking services for the agricultural sector to assist producers, facilitating financing and control over its use.
187. Achieve more integrality in the development of science and technology, integrating it efficiently with the productive base, improving scientific-technical services offered to producers.

188. Update and carry out programs aimed at the preservation and rehabilitation of natural resources that are used (soils, water, forests, animals and plants) while training producers in ecological management and rigorously applying established regulations and penalties for their violation.
189. Effectively develop the municipal food self-sufficiency program supported by urban and suburban agriculture.
190. Execute the suburban agriculture program with the efficient utilisation of farmland surrounding cities and towns, with the lowest possible costs in terms of fuel and imported inputs, employing their own local resources and ample use of animal traction.
191. Execute the gradual transformation of the food/agro-industry, including its local development, based on better utilisation of raw materials and the diversification of production.
192. Apply management systems for food quality in correspondence with the established norms and the demands of customers.
193. The sugar agro-industry will have as its primary objective of increasing the production of cane in a sustained manner. The relationship between sugar mills and sugarcane producers must be improved as this industry develops. At the same time, diversify production taking into account international market conditions, achieving the best use of the mills and derivative plants.
194. Gradually increase the production of sugar and its derivatives to achieve hard currency revenue that will allow for the financing of the total costs of production, plus the value of the investments carried out, so that this industry makes a net contribution to the country. The behaviour of sugar prices on the international market will have to be taken into account when determining the sale price of sugarcane and sugar.
195. Advance the creation and rejuvenation of sugar industry derivative and by-product plants, prioritising those that produce alcohol, animal feed, bio-products and others.
196. Achieve a rational use of coastal fishing resources and increase productivity and efficiency of this sector, principally in aquiculture, while improving technological discipline, the adequate mastery of genetics and fish-raising practices. Generate net external revenue to finance the importation of industrial inputs that the country cannot produce.

## **VIII. Industrial and energy policy**

### **Industrial policy**

#### **General guidelines**

197. Orient industrial development fundamentally towards promoting exports, reducing the imported component.
198. Foster an appropriate technical infrastructure for standardisation, metrology, quality control and the certification of industrial property.
199. Reorient industrial production in the short term with a view to meeting the requirements of the market for the necessary inputs for the different forms of production (in particular cooperatives and self-employed workers); as well as developing the supply of equipment for small-scale production, in particular to assist the development of local industry, with new types of machinery that are easy to use and maintain.

200. Give priority attention, in the design of the investment process, to the environmental impact associated with industrial development, particularly in the chemical and petrochemical sectors and with nickel, cement and other construction materials.
201. Intensify the process of restructuring and resizing industrial training centres, promoting the rational concentration of dispersed capabilities.
202. Prioritise the training of technical personnel and qualified cadre, as well as collaboration between entities that participate in scientific-technological activities, the execution of research and development programs and environmental impact mitigation.

#### **Guidelines for the main branches**

203. Consolidate the pharmaceutical and biotechnology industry as one of the activities with the greatest export capacity of the economy, and incorporate new products into the national market to substitute imports.
204. Boost technological sovereignty in the development of telecommunications infrastructure for telemedicine, and promote the development of new technological platforms in neuroinformatics, cognitive neuroscience, neurotechnology, nanotechnology, robotics and telemedicine.
205. Improve the position of the nickel industry in markets, raising the quality of its products and reducing its costs.
206. Rapidly execute projects underway for the exploitation of small mineral deposits, particularly for the production of gold, chrome, copper and zinc.
207. Make investments in the electronics and info-communications industries that can sustain and develop what has been achieved according to the economic possibilities of the country.
208. Create organisational structures that integrate the processes of financing, research and development (R & D), production, engineering and technical support of products and services with high export potential.
209. Develop the capabilities for [industrial] design, integrating them with leading enterprises in the sector.
210. Strengthen technological research and monitoring capabilities, as well as the policy of registering patents and industrial property in Cuba and in the principal destination markets, achieving international certification of products and processes.
211. Continue the development of the Cienfuegos Industrial Complex that will supply high value products such as ammonia, urea, liquefied gas and PVC plastic.
212. Increase the production of fertilisers with the redevelopment of the country's nitrate and ammonium plant; the rehabilitation of the granulated fertiliser plant in Matanzas, promoting the use of nationally produced raw materials such as phosphate and zeolite. Advances will be made in the substitution of herbicide imports.
213. Develop the production of new tires, fundamentally for agriculture and transportation; achieve the rehabilitation of the retread centres, increasing their installed capacity and expanding the capacity for cold recaps.
214. Develop the container and packaging industries with an integrated conception of their activity.
215. Develop, in the construction materials industry, products of higher added value to satisfy the demands of the country's priority investment programs (firstly industrial projects, tourism and housing) and sales to the public, as well as to increase exports.

216. Carry out investments in the ferrous metallurgical industry to expand capacities, reduce energy consumption, diversify the production of long-rolled steel and shaped metals; and to improve their quality, consolidate the steel-wire productive chain and upgrade the production of its derivatives.
217. Promote the intensification of recycling activities, such as closed-cycle industry, which will require its recapitalisation and re-outfitting.
218. Undertake a process of restructuring and reorganising the mechanical industry from dispersed capabilities in various ministries, carrying out investments to renovate machine tools and equipment that is technologically outdated and in poor technical condition (to the degree economically feasible).
219. Increase its exports, diversifying markets and making full use of the possibilities of South-South trade, including the development of strategic links for integration, cooperation and industrial complementarity.
220. Undertake, in the short term, a process of reorganisation and restructuring of the enterprise system in the light industrial sector to permit the elimination of oversized structures and payrolls, and required technical-productive and managerial changes.
221. Modify the management model of local industry, making its operation more flexible and thereby allowing the development of artisanal production and the fabrication of consumer goods in small quantities or custom-made, such as in the provision of repair and maintenance services. This includes the expansion of opportunities for non-state activities.

### **Energy policy**

222. Increase the national production of oil and accompanying gas, developing known deposits and accelerating geological studies aimed at finding new deposits, including the exploration works in the Exclusive Economic Zone (EEZ) of the Gulf of Mexico.
223. Boost oil refining capacity, achieving volumes that allow a reduction in imports of oil derivatives.
224. Significantly increase the efficiency of electrical generation, dedicating the necessary attention and resources to the maintenance of plants in operation, and achieve high indices of spare capacity in the thermoelectric plants and in the [decentralised] clusters of electrical generators.
225. Conclude the programme of installation of the fuel oil generator clusters and give priority attention to the installation of combined cycles in the Jaruco, Calicito and Santa Cruz del Norte plants.
226. Maintain an active policy in the setting of electricity loads that avoid or diminish maximum demand and reduce their impact on generation capacities.
227. Pursue the programme of the rehabilitation of electrical networks and the elimination of low-voltage zones, achieving planned savings through the reduction of losses in the distribution and transmission of electrical energy.
228. Maximise cogeneration and tri-generation wherever possible, particularly in the generation of electricity by the sugar industry through the use of bagasse and sugarcane, as well as forestry residues, creating the conditions to cogenerate in the inactive phase of the sugar industry, both in refining and distilling.
229. Maximise the use of the various sources of renewable energy: biogas, wind, hydroelectric and others will be used; prioritising those that will have greater economic benefit in the short term.

- 230. Realising the potential for savings identified in the state sector will be prioritised, and work will be done to tap the efficiency reserves in the residential sector; including the revision of current tariffs so that they fulfil their role as regulators of demand. In the new production frameworks — be they self-employed workers or cooperatives — a non-subsidised electricity tariff will apply.
- 231. Give special attention to energy efficiency in the transport sector.
- 232. Conceive of new investments for the efficient use of energy, with adequate procedures for supervision.
- 233. Improve the work of planning and control of the use of energy carriers, broadening the range and quality of efficiency indicators and established consumption indices.
- 234. Project the work of the education system and the mass media in enhancing the quality and integrality of the policy focused on energy conservation and the efficient and sustainable use of energy.

## **IX. Tourism policy**

### **Guidelines**

- 235. The fundamental objective of this sector is the direct capturing of hard currency from outside the country through a competitive position in the tourism market.
- 236. Increase Cuba's competitiveness in the market through the improvement of the quality of services and the achievement of an appropriate coherence in relation to quality/price.
- 237. The forms of commercialisation and promotion will be improved using the most advanced technologies, as well as diversifying the source markets and resuming high growth rates.
- 238. Achieve increased numbers of arrivals from more countries, access new segments of the market and rapidly create new products for offer.
- 239. Diversify complementary accommodation packages with new options that distinguish them from the competition in marinas, boats, golf courses, real estate, adventure and eco-tourism, theme parks, cruise ships, culture and heritage, health tourism and others.
- 240. Expand destinations within Cuba, including those on the south coast. In the sphere of promotion, carry out a transformation in the administration and allocation of destinations and techniques to use, both in the institutional realm and in enterprises; prioritise the use of the internet in getting across what distinguishes our tourism in relation to the competition and additional offers, and achieve greater effectiveness of the tourism offices and enterprises outside the country, so that they are more cost-effective.
- 241. Non-state activity in accommodation, food services and other tourism services will continue to be developed to complement what is offered by the state.
- 242. Consolidate an integral self-financing scheme for tourism, with the objective of achieving its assured and efficient functioning in all aspects of the tourism industry. In particular, it will be necessary to study supply mechanisms for tourism entities that take advantage of the potential of all productive forms at the local level.
- 243. Develop, as part of the municipal initiative of the territories, attractive tourism offers as a source of hard currency incomes. Study each urban or rural population surrounding the tourism poles, and design equestrian, countryside, rural tourism, eco-tourism and other activities.
- 244. Energise and push forward the development of national tourism through the creation of offers that allow the better utilisation of the infrastructure created.

- 245. In the investments carried out, achieve the planned efficiency indicators, reducing costs and spending without affecting the quality of service; apply new forms of contracting of the workforce; broaden the application of automated management systems.
- 246. Boost the participation of national industry and services in the resources used in the operations and investments of the tourism industry, to contribute to the development of other branches of the economy.
- 247. Prioritise the maintenance and renovation of tourism infrastructure.
- 248. Consider what tourism support infrastructure it is necessary to create, and the maintenance and renovation of existing infrastructure. Also, as tourism is a sector that makes significant use of environmental conditions, policies that guarantee the sustainability of its development must be applied. Implement measures to diminish water consumption by tourists, increase the use of renewable energy sources and the recycling of the waste generated in the provision of tourism services.

## **X. Transport policy**

### **Guidelines**

- 249. Continue the recuperation, modernisation and reorganisation of transport, with the objective of improving the quality and efficiency of freight and passenger transportation services, through the rational use of all resources, especially energy, providing the most economic option.
- 250. Deepen the balance of freight moving capacity in the country, prioritising the use of the most efficient means of transport. In this sense, the order of priority shall be rail, coastal shipping and specialised transport firms.
- 251. The development of transportation activity must be self-financing over time through energy savings obtained as a result of investment policy and the replacement of the fleet.
- 252. Increase, in land transport, the share of the specialised fleet as a proportion of total transportation, both in road and rail transportation; rail will improve its index of freight traffic and increase a return on investment with the necessary integrality.
- 253. Plan the expansion of "door to door" freight transportation methods.
- 254. Prioritise railways in the road network improvement program, which requires integration of the country's investment program and a joint effort between those entities linked to the construction, maintenance, use and preservation of the road network.
- 255. Organise transport in the coastal shipping lines, providing fixed itineraries where feasible.
- 256. Develop the national merchant fleet as an important support for the country's foreign trade and the reduction of freight costs.
- 257. Boost the efficiency of maritime port activity through an increase in rates for the unloading of ships, eliminating payment for dead freight, and make better use of ship capacities.
- 258. Work on the re-equipping and modernising, including dredging where necessary, of the country's key ports that serve as hubs for foreign trade, as a means to improve the attention given to ships and to increase the efficiency of maritime-port activity.
- 259. The gradual development of port infrastructure will have to be carried out in step with the availability of international financing, whose repayment will be associated with freight invoicing and container storage.

- 260. Carry out port infrastructure investments with the comprehensiveness that permits improvements in the efficiency of loading and unloading operations; reduces the time of unnecessary container storage; increases their rotation; and allow for appropriate warehousing logistics.
- 261. Achieve an efficient investment program in the development of ports and of operational services in Mariel, which will be decisive in the recuperation of port infrastructure, equipment and operational capacity.
- 262. Give special attention to new frameworks, in the form of cooperatives or other formulas of social participation in passenger transport activity, that result in an increase in quality and the capacity to respond to the demand for these services, according to the characteristics of each territory.
- 263. Rail transport will be increased and transportation times will be reduced, as will — proportionally — the numbers of passengers who travel by bus.
- 264. Organise and prioritise the attention given to, and the quality of, technical services for the maintenance and technical availability of the means of transportation, including those of the non-state sector.
- 265. The civil aviation service for passenger transportation nationally and internationally must assume a growth path related to tourist arrivals, tourism activities and national demand, utilising the national fleet with a greater percentage of occupancy.
- 266. Reduce waiting times and procedures in airport services, which are linked to a higher quality of service.
- 267. Increase air cargo on the basis of a better utilisation of the specialised fleet — directed firstly at offering services that bring in hard-currency revenue — and work towards a competitive service for the export of Cuban products.

## **XI. Construction, housing and water resources policy**

### **Guidelines**

#### **Construction**

- 268. Continue improving the capacity of the country's building and housing sector, given its importance as an instrument in efficient planning of investments and their associated resources.
- 269. Boost the efficiency of construction projects employing systems of payment for output, applying double shifts where feasible, increasing the performance of technological and non-technological equipment and introducing new construction technologies, particularly in projects linked to tourism.
- 270. Consider the creation of specialised nationwide enterprises for construction projects such as golf courses, dolphin aquaria, marinas, spas, theme parks and aquatic parks that are closely linked to the tourism infrastructure.
- 271. Conclude the study of construction prices in the short term for their modification and implementation, with the aim of measuring the real cost of construction
- 272. Adopt new organisational forms in the construction sector, such as cooperatives and the hiring of self-employed workers.

#### **Housing**

- 273. The maintenance and conservation of the housing stock must receive priority attention, including the adoption of non-state forms of management to solve the housing problems

of the population, as well as the growth in the commercialisation of construction materials.

274. Special attention must be given to housing programs at the municipal level, starting with the existing construction materials in each locality and the technical means available to fabricate the necessary materials.
275. Action will be taken to prioritise the construction and repair of housing in the countryside, taking into account the need to improve living conditions and the factors that make these activities more complicated in rural areas. The objective will be to contribute to and complement the stability of the agricultural food production workforce.
276. The construction of new housing must be organised on the basis of the adoption of new means that include a significant proportion of individual effort as well as other non-state means. Promote the introduction of new methods and the use of construction technologies that save materials and work effort, and that can be easily adopted by the public. Regulate the construction of communal areas in multi-family buildings that due to their degree of required technical expertise and complexity cannot be carried out individually by the owners, who must in all cases contribute to their cost.
277. Satisfy, through the construction materials industry, the demand for investments and building maintenance and maximise the export of the most competitive materials, as well as the sale of construction materials to the public at the lowest costs without subsidies.
278. Apply flexible formulae for the leasing, buying, selling and renting of housing, to facilitate the solution of housing demand on the part of the public.

### **Water resources**

279. The water balance constitutes the planning instrument with which to measure the efficiency of state and private consumption with respect to the availability of this resource.
280. The water supply program will continue to be developed with large-scale investments to much more effectively address problems caused by drought and [to promote] the rational use of water in the whole country, increasing the proportion used for agricultural irrigation.
281. The program for the rehabilitation of networks as well as water and sewer lines linked to housing will be prioritised and expanded with the objective of reducing the loss of water in the medium term, with a consequent reduction in energy consumption [to drive water pumps] and an increase in water recycling.
282. Attention will be given to stimulating a culture of the rational use of water, while studying the reorganisation of water service charges, including sewerage, with the objective of gradually reducing subsidies as well as gradually decreasing wasteful use. Regulate the mandatory measurement of [water] use and of payment by state and private customers.

## **XII. Commerce policy**

### **Guidelines**

283. The conditions in which the economy will function, with the diversification of the forms of management of social property and of the participants in the processes of production and service provision [i.e., the expansion of the small-scale cooperative and private sectors], require a restructuring of commerce [internal trade], both wholesale and retail.

284. The structure and organisation of retail trade must be oriented to the diversification of the quality and variety of products and services offered to satisfy the demands of distinct segments of the population and their purchasing power. This is one of the factors that will give incentives to workers.
285. Until monetary unification has been achieved, there will continue to be a two-tiered system of retail trade, offering products differentiated by their quality or characteristics in the existing network of convertible currency stores, and boosting the quality of those offered in regular Cuban pesos.
286. Design a supply policy for the country that takes into account the participation of national producers and the efficient management of imports. Within this, define the forms of wholesale distribution, including those that respond to the new non-state entities of production and services, as well as the scope and characteristics of the retail network.
287. Introduce non-state forms of management, particularly in the case of food services.
288. As a policy for the development of consumption, the consumption of animal protein, clothing and footwear and the sale of electrical goods, construction materials, furniture and household items, among other products, must be prioritised.
289. Restructure the selection of goods and services, revising the retail prices of products that form a part of the family shopping basket [allocated via the ration book], towards their unrestricted sale, without subsidies, in regular Cuban pesos.
290. Structure the provision of goods and services to the public in relation to effective consumer demand. Revise the current prohibitions that limit commerce.
291. Exercise effective control over the management of purchases and the rotation of inventories in the entire commercial network, both wholesale and retail, with a view to minimising losses and the tying up of resources. ♦