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Index

Entrepreneurship in Cuba in 2021: A Race with Obstacles

By Riury Rodríguez Lorenzo 4

The New Cuban Social Contract

By Mario Juan Valdés Navia 14

Electronic Sports in Cuba, From Unimaginable to a Reality

By Kmilo Noa 23

Cryptocurrencies in Cuba: What About Their Legal Status?

By María Lucía Expósito 31

The Cuban Single-Party System: A Primer on the PCC in the Exercise of Power in Cuba

By Aldo Álvarez 36

The Path to the VIII Party Congress: Cuban Politics Between the New Government and Contemporary Society

By Rafael Hernández 43

Influencers Within Cuba: Trends and Technology

By Kmilo Noa 54

The New State Structure in Cuba: From Central Power to Municipal Power

By Julio Antonio Fernández Estrada 59

Cuban Digital Marketing: Navigating New Digital Waters

By María Lucía Expósito 69

State Startups: The Cuban Government Also Innovates

By Sandra Madieto Ruis 75

A New Five-Year Period for Reform: The Economic Challenges of the New Generation of Cuban Leaders

By Ricardo Torres 80

Foreign Investment in Cuba: New Opportunities for the Private and Non-State Sectors

By Aldo Álvarez 89

Poverty and (un)Protection in the Cuban “Conjuncture”

By Ailynn Torres Santana 97

Cuban Agriculture: Strategic but Inert

By Miriam Leiva 109

Remittances to Cuba: a U.S. Policy Explainer

By Matthew D. Aho 118

Cuban Entrepreneurs: A New Look at the Crypto Orbit

By María Lucía Expósito 127

SMEs in Cuba: New Scenario, Old Problems, and Possible Solutions

By Aldo Álvarez 132

11J: When Repression in Cuba Ceased to be “Utilitarian”

By Ricardo Acostarana 141

Cuba: On the Road to Sports Reunification

By Carlos A. Hernández Luján And Yodeni Masó Aguila 151

What Could a “Third Way” Cuba Policy Look Like Under Biden?

By Manuel Cuesta Morúa 160

On the Emergence of Domestic Public-Private Partnerships in Cuba

By Darién García Linsuaín 169

Cuba, Another Open Stage for the NFT Universe

By María Lucía Expósito 177

The Time for SMEs in Cuba?

By Oscar Fernández Estrada 185

Entrepreneurship in Cuba in 2021: A Race with Obstacles

By Riury Rodríguez Lorenzo

Entrepreneurship has always been an option in Cuba. It has always been there, sometimes discreetly. The current state of the country's economy suggests that it is time for entrepreneurship to become a more important actor. The measures announced over the last few months, in addition to those to come, indicate that it has a major role to play, and that necessary change should not be delayed any longer. How do the new measures affect entrepreneurs? How do they deal with a dollarized economy? How do they integrate with the rest of the players in the economy? Undoubtedly, the year 2021 will help define the path entrepreneurial ventures will take, and the impact and contribution these will have on improving the Cuban economy.



Illustration: Maikel Martínez

A Cyclical Overview of Self-Employment

Thirty years ago, we Cubans were plunged into one of the most complex economic periods in our history. The collapse of the socialist camp led to the beginning of the Special Period and the economic and social debacle it presented. Its effects are still felt today and are extremely visible in the impoverishment of the country's industrial and business sectors. These sectors have been marked by major decapitalization, workforce inflation that directly impacts the productivity of companies, and rampant white-collar corruption (José A. Rodríguez, 2018).

One of the solutions carried out in those years was to open the Cuban economy to foreign markets by means of foreign investment and tourism. This opening presented a lifeline that, little by little, contributed to the improvement of the country's economic conditions through a recovery of vital areas of the industry and the arrival of fresh foreign exchange.

Fast-forward to this year, and the Cuban economy finds itself again in an extreme situation, with a structural and systemic crisis that once again prompts us towards economic flexibility. This situation is complemented by an economic and financial blockade by the United States, which increasingly limits the nation's margins of movement, and a coronavirus pandemic that has triggered public spending and increased the budget deficit.

Just as tourism was one of the country's lifesavers in the past, private entrepreneurship and the liberalization of productive forces today seem like the keys to fundamental changes in restructuring the business sector and the economy. Although several steps have been taken in this direction, there is still a long way to go before the business sector adjusts and functions efficiently.

The Last 10 years and Testing What's Possible

Entrepreneurship in Cuba did not emerge in 2010, rather there have long been examples of openings towards entrepreneurship, such as in 1979 and in the 90's. However, it was not until 2011 that self-employment emerged with force and became both an alternative for employment and a search for quality of life for a significant part of the Cuban population.

Ten years have passed since it was authorized as a form of employment, and in those ten years it has left a trail of distinguishable elements, above all the potential it has to contribute to the development of the Cuban nation.

Among the most notable elements were the almost 600,000 people with self-employment licenses in 2019, which, according to the economist Pedro Monreal, accounts for 27% of national employment (April 2020, Twitter). Another element to consider is its impact on the country's budget, which in 2017 amounted to 11% of total income (Ileana Díaz, December 2020). In addition to this data, there is ample capacity through specialization or productivity to integrate into national supply chains and contribute a greater value to the goods and services that are offered today.

Since the approval of self-employment licenses, businesses have visibly complemented national goods and services. Hostels and restaurants have played and still play an important role to Cuba as a tourist destination. Private transportation offers a fundamental support to the mobility of the country, and contractors and construction cooperatives have an increasing presence in the construction processes of public and private works. Despite the limited social scope that self-employment licenses have been granted, their positive impact on generating value for the Cuban economy is palpable.

Another part of the economy is represented by farmers and the country's agricultural production. Cooperatives and independent farmers are responsible for around 80% of the country's agricultural production (István Ojeda Bello, 2019). These are the primary growers of the few foods that are still produced on our lands, despite the inefficiency of the collective model, the uncompetitive prices paid, and above all, the accumulated accounts that the State has pending payment with producers.

The Coronavirus Pandemic and the Absence of Sound Public Policies

The impact of SARS-COV-2 in the country has pushed the capabilities of private businesses to the limit. Undoubtedly, a

large portion of businesses must reinvent themselves in order not to perish. The coronavirus pandemic caught this sector completely defenseless because the country has no public policies outlined to deal with situations of unemployment and business closures. This includes financial support plans that never existed for affected people and businesses and the lack of an integrative perspective toward the sector.

This is in stark contrast to many countries where rescue plans were immediately activated for businesses, particularly for MPYMEs (micro, small, and medium-sized enterprises). In Cuba's case, reality was contrasted by the absence of an orderly and flexible policy to support the sector. The Ministries of Labor and of Finance and Prices limited their help to allowing businesses to temporarily suspend licenses and defer tax payments. But this process was not without misunderstandings and tensions as analysis and understanding of the difficult reality businesses were experiencing was lacking.

Contract workers were one of the most impacted sectors of self-employment. By the end of 2018, they represented about 26% of licensed entrepreneurs and were the largest group within the sector (René Tamayo, 2018). This means that at least 156,000 people were left vulnerable during the shutdown of activity due to the pandemic. How many businesses had to lay off their employees to keep running? How many lost their savings trying to safeguard their employees and protect them from financial helplessness? If something positive has come out of the pandemic, in a sense, it is the urgency to organize public policies to protect MPYMEs. There can be no looking back on this era without recognizing the need for clear social and financial pro-

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tection policies formulated by the banking system, the Ministry of Labor and Social Security, and the Ministry of Economy and Planning.

The Legislative Schedule and Unfulfilled Promises

Our economic reality has shown that the implementation of reforms for the private sector cannot continue to be postponed. The year 2020 brought small doses of change that made the actions of the sector more flexible, but in the absence of an adequate legal framework, the ability to start new businesses and link to national enterprise is limited.

The current legislative calendar has the passage of an Enterprise Law, a Mercantile Societies Law, and an Associations Law, pending for 2022. This date is far too distant for the economic urgency present in the country today. These laws possess the foundations needed to strengthen the capacity of private and State companies to build a better economy and country. It is imperative that these laws are moved up on the calendar. Otherwise, we will continue dragging along the same mistakes that have brought us to the current situation.

In recent years, local governments have promoted the creation of local development projects. In most cases, they have created opportunities for private businesses to pivot and expand parts of their social reach. However, this option continues to suffer from an important deficiency: an adequate legal framework for its operation.

Each local development process experiences a high dependence on permits and freedoms granted by their respective local governments. This is what happens when an enterprise turned into a local development projects seeks to obtain financing for capital investments, or when it tries to directly impact its own community. These levels of dependency should not be negotiated but rather understood within the framework of the law and the conduct of the business itself.

Reforming self-employment required it to be recognized as a legal entity capable of interacting with any other type of organization and with the rights and responsibilities recognized in

the Commercial Code. Without adequate recognition, any form of organization is limited in its actions and capacity for development.

There is a pending list of prohibited activities that offer the private sector a broader and freer social purpose [editor: until now, Cuban law has defined which private sector activities are permissible]. This allows the infinite imagination of the human being—and in our case, the creativity of Cubans—to become a reality.

Both the Enterprise Law and the list of prohibited activities are fundamental steps in unblocking self-employment and therefore unleashing an important part of the country's economy. Business reform in the state sector must also be addressed and developed, which is also a fundamental part of unlocking the country's productive forces.

The Regulatory Task: Its Impact on Private Enterprises

In recent months, a battery of new measures has been presented that have a direct or indirect impact on Cuban self-employment. Many of them are disconnected from requests for legislation that promise more operational guarantees to the private sector. However, the facilitation of foreign trade, the recognition of 100% of expenses and justification of 80% of those expenses, and the increase in the exempt minimum to 39,000 CUP for private businesses should be applauded.

It remains to be seen how these elements will impact others, such as an increase in minimum wages, an increase in electricity rates, price signals within the economy, and the sale of foreign currency. The latter is of vital importance due to the high level of dollarization that is being experienced, as well as the emigration of many goods and services to the dollar as a way of maintaining supplies.

It is worth noting that a significant part of the market that supplies many businesses remains informal. Resource scarcity in formal channels, as well as dollarization, do not lead to a 100% legal economy. This is one of the most important obstacles faced by entrepreneurs in Cuba, since not all businesses seek

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to be integrated into foreign commerce. Though the national market is highly undersupplied, there continues to be a market opportunity for any company.

Several important challenges will arise for entrepreneurs in 2021. One of them will be adjusting to rising costs, which also

implies an increase in their prices. However, the limits for these increases are not clearly defined, nor are the administrative measures that will attempt to stop them. Both history and economics have shown that these processes are combatted with greater supply and not with measures that are alien to market principles. Other challenges include access to formal supply chains, the transfer of collections and payments to banks, and access to financing.

The latter is of paramount importance since a development of productive and commercial activities cannot be conceived without due financial support. The entrepreneurial community desires the creation of specialized banks to facilitate business capitalization. Many of the businesses that exist today began with their own means; specialized banks can be an option for others. A decrease in the minimum allowed amounts of direct foreign investment is expected to be linked to a part of the private sector, bringing not only higher quality technology and supplies, but also integration with the demands yet to be met in the country.

A Pending Dream

On the other hand, it is necessary that the discourse around national products support domestic creation. This must be a basis for public policies and especially for foreign trade. It is essential to enhance the value we give to Cuban products by mo-

bilizing the national and international vision that exists around them today. We should be motivated to consume quality products, but it is even better if they are nationally manufactured products.

National product marketing systems, chain stores, MAIs and others are highly underserved. In many cases, the presence of imported products is of little use to the population. Why not fulfill part of this offer with products from Cuban enterprises?

The State should stop experimenting with isolated cases and instead link private businesses to the national supply system with public, sustainable, and transparent policies.

Conclusions

Without a doubt, the coming sessions of the National Assembly of People's Power, as well as the VIII Congress of the Communist Party of Cuba, will provide unique moments to approve many of the measures that for more than 10 years have been part of the political, economic, and social discourse of the country. A substantial part of the legislation still pending approval must be defined during these government meetings.

Too much time has elapsed, and the economy is showing signs of tremendous wear and tear. Policies should no longer serve as temporary solutions or half-measures. Rather, they should all be integrated as a total reform of the country's economic system, laying the foundations for all the development potential that exists in the hands of Cubans, so that we can all contribute to creating a more open, connected, and fairer country.

Policies should no longer serve as temporary solutions or half-measures. Rather, they should all be integrated as a total reform of the country's economic system, laying the foundations for all the development potential that exists in the hands of Cubans, so that we can all contribute to creating a more open, connected, and fairer country.

Cuba's private sector in Cuba has a long way to go. 2021 seems to be a prelude to the rupture of what has limited the sector, and this can serve as a foundation for the future impact it can offer our nation. It is up to the Cuban State to draw up public policies for the sector, in tune with the economic reality it faces. It is up to the Cuban private sector to serve as a catalyst to become one of the engines of development and well-being of our people.

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The New Cuban Social Contract

By **Mario Juan Valdés Navia**

Ever since Jean Rousseau presented his Theory of the Social Contract, it has become a foundation for modern societies. Its essence was that all citizens, free and equal, could come together to manifest their will toward a common agreement (social contract), expressed in the concept of general will. According to his thinking, the rules of association (laws) must be the result of public deliberation, a source of sovereignty; therefore, laws would not be fair if their deliberation does not respect the common interest, or if citizens do not accept the rules. In any time and place, substantial reform processes and revolutions often end in the adoption of new forms of social contracts.

The triumph of the Cuban Revolution generated a new social contract on more democratic bases. These legitimized the new revolutionary state and called for: popular participation, the state to guarantee social justice, and the defense of national sovereignty.¹ The Fundamental Law of 1959 modified the Constitution of 1940 and broke with the old status quo by granting broad powers to the Revolutionary Government, among them, the legislative powers of the old National Congress.

¹ Julio Guanche: *La participación ciudadana en el Estado cubano*, Ediciones CLACSO, Buenos Aires, 2011.



Illustration: Maikel Martínez

In that first stage (1959-1970)², popular enthusiasm seemed to have no limits, and was boosted by the extraordinary socio-cultural advances of the majority. Its catalyst was the Commander-in-Chief, a charismatic figure whose fiery words cried out for radical positions in defense of national sovereignty in the face of aggressions from the United States government and its internal and external allies.

With conditions resembling a social laboratory, and as a place under siege at the time, a large-scale social experiment began abandoning the logic of the market in pursuit of an almost absolute centralization of income in the hands of the Revolutionary Government. These funds were intended to meet defense needs, solve serious, historically forgotten problems, and level the great social differences in a country that had, in 1958, one of the most productive economies in the region.

Breaking away from the consumerism of the previous society, the egalitarianism in distribution and consumption, the direct distribution of goods and services, coupled with a daily growing exposure to guerilla asceticism and militia uniformity, served as the foundation for the new social pact between the working class and its revolutionary state. This state prided itself as being “from the humble, by the humble, and for the humble.”³ In 1965, the initial socialist economic management systems (Economic Calculation and Budgetary Financing) were abandoned for the implementation of the Economic Registry System, making way for a Creole communism.

In this way, the State presented itself as the owner, employer, and universal provider, enhancing its paternalistic image as the benefactor of society. This social representation was accepted by the general public because a significant portion of nationalized funds were returned to citizens through large and effective social consumer funds (education, health, social security,

² Fernando Martínez has compartmentalized the revolutionary process in three stages that I assume: 1959-1970; 1971-1991; 1992-... See: *Desafíos del socialismo cubano*, ed. CEA, La Habana.

³ Fidel Castro “Discurso en el entierro de las víctimas de los bombardeos”, 15 de abril de 1961. *Playa Girón. Derrota del Imperialismo*, Ediciones R, La Habana, 1962, t.1, p. 76.

recreation, etc.)—the famous gratuities of today. Additionally, the low prices of basic necessities, sold in the regulated market for food and industrial products, made it possible to satisfy the basic needs of families through wage income while maintaining high levels of equity consumption that served as the basis for political unanimity.

During the stage of Cuban Real Socialism (1971-1991), a new social pact was imposed—a Cubanized copy of the Soviet model—embodied as the Socialist Constitution of 1976. It outlined the powers of the Party/State/Government as a unit, with the same people directing all three. Economically, it welcomed material stimulation for workers based on a distribution according to work, both by way of wages and collective awards according to company level, while promoting a large, complementary (parallel) market that allowed the systematic realization of additional income for workers. During this period, the high growth rates of global socialist products – determined by Cuba providing the entire socialist bloc with sugar at preferential prices – provided a sustainable and equitable quality of life for Cubans. This ensured most citizens could realize projects based on their personal improvements in their fields of study and work.

The advent of the crisis in the 90s (known as the Special Period) began the third stage of the revolutionary process. The sudden economic debacle shattered the old social conscience and created the so-called “crisis of values.” This was due to the combined blows of the fall of the socialist system, the intensification of the US embargo, and a centralized, retrograde model of bureaucratic management with innumerable factors that hindered productivity.

This phase weakened or disappeared the economic bastions of the social contract established in the 70s and 80s, and a new mixed society emerged, where the previous socialist values were mixed with those of emerging sectors: state capitalism in its various forms (joint ventures, associations, foreign exchange wholesale and retail trade networks, etc.); small mercantile producers (farmers, transporters, the self-employed, etc.); and the

flourishing, though little studied, underground economy, where corruption and savage capitalism reign.

It took until August 1993 for the government to create the Ministry of Finance and Prices (MFP), headed by José Luis Rodríguez, and begin taking anti-crisis measures that included the legal circulation of the U.S. dollar. Remittances from abroad surged but increased the income of only part of the population and State, while a great majority continued in poverty.

The sad events of the “hot summer” of 1994 and the Rafter Crisis culminated in the signing of a Cuba-U.S. migratory agreement and adoption of measures for decentralizing the economy and opening it to foreign capital. This led to a slow, but sustainable recovery on endogenous bases. Since then, important economists and other social scientists have proposed transformations to put the country back on the path of growth and development.

II

In the mid-1990s the State socialist model seemed to be transforming into a more decentralized, flexible and participatory one; however, the rise to power of Hugo Chávez in Venezuela (1999)—a friend and disciple of Fidel—created high expectations in Cuba of a return to a traditional centralized and top-down model. An ally reappeared that was willing to supply Cuba’s demand for oil and investments in exchange for professional services that aided in missions for social improvement. At the end of that year, the kidnapping of Elián González in Miami originated a massive campaign for his return that began a new stage of the process: The Battle of Ideas, which would last approximately until 2006.

The economic recovery driven by preferential relations with Venezuela caused changes within Cuba. GDP grew to reach 1989 levels in 2005 thanks to a combination of two factors: the abrupt jump in income, aided by the value of free services and subsidies to the population, and the increase in prices for professional services. Internally, this was due to high State demand for the Battle of Ideas programs, and externally, due to

requests from progressive Latin American governments. As of 2004, this service displaced tourism as the locomotive of the Cuban economy. The mirage of transforming Cuba into a service country gave value to its central power.

Internally, many of the decentralized channels opened in the mid-1990s

were closed, and in 2004, the introduction of the CUC currency further excluded the dollar. Additionally, a controversial 10% tax was imposed on the dollar to discourage the entry of remittances in that currency. Likewise, all the country’s currency was centralized in a single State Revenue Account that the Currency Allocation Committees distributed based on the government’s criteria.

In 2006, a momentous event occurred for the Cuban status quo: President Fidel provisionally delegated his position to Raúl Castro while he recovered from a surgical intervention. Two years later, he did it indefinitely. The Commander-in-Chief ceded leadership to the General-President.

The change was seen immediately at the end of the Battle of Ideas with: the creation of commissions to diagnose accumulated economic and social problems; the promise of “structural and conceptual changes” in a depressed agricultural sector; and the generalization of the so-called Business Improvement System, a form of management developed by the armed forces from capitalist experiences. In 2007, the long-awaited reforms to the Economic Update Process model began in order to “find ways to eliminate obstacles to the development of productive forces” and to build a prosperous and sustainable socialism.

After the global crisis in 2008, it was imperative to boost national production. To do this, Raúl restructured the group of he-

Deep transformations in economic relations and overarching structures are required to remove from their positions of privilege the current high and middle level bureaucrats, who today stand on the rights of the people.

gemonic power in the partisan/state apparatus with the removal of the two main young leaders: Vice President Carlos Lage and Foreign Minister Felipe Pérez, along with another dozen other senior officials mostly from the so-called Commander-in-Chief Support Group. After the purge, he placed trusted military personnel in key administrative positions and empowered the military holding company GAESA.

In December 2010, Raúl issued a dramatic ultimatum to the National Assembly: “Either we rectify, or we sink.” His message served as a slogan for the “Economic and Social Policy Guidelines of the Party and Revolution” project, in addition to everything agreed upon in the VI Congress of the PCC (2011). However, ten years later, many of his criticisms related to the management of the Party/State/Government remain unresolved and could well be repeated in the next VIII Congress.

The national debate around the “Guidelines” project (November 2010–April 2011) facilitated public deliberation on how to overcome the critical situation without renouncing sovereignty or socialism. But for years, these questions continued to hang like the sword of Damocles on the pressing new Cuban social contract: how did the state-merchant consider it fair to raise prices and rates to obtain greater profits while indefinitely postponing the right of workers to get paid a salary commensurate with the increase in the cost of living? If work is inefficient because the employer-state does not pay stimulating salaries, because if it did, prices would skyrocket in a growing inflationary spiral, would we then be faced with an unsolvable aporia in socialist frameworks in the style of: who came first, the chicken or the egg? Can the economy work effectively with two currencies and different exchange rates? These contradictions began being resolved only after the implementation of the Regulatory Task due to the global COVID-19 crisis and the Trump administration intensification of the embargo.

III

Despite the good news that arrived between 2014 and 2016 (the foreign investment law, Putin’s visit where he cancelled the

debt and resuscitated mutual trade, the resumption of diplomatic relations declared by Raúl and Obama, and an agreement with the European Union to renegotiate the debt with the Paris Club), the foundations for the new model and its assumption in the praxis of the Party/State/Government took too long and the train of reforms imposed the slow and zigzagging gait of the slogan: “Without haste but without pause.”

In April 2016, the VII Congress of the PCC approved the “Conceptualization of the Cuban Economic and Social Model of Socialist Development” and recognized that only 21% of the 313 Guidelines had been implemented. In 2017, Donald Trump arrived at the White House accompanied by the most reactionary sector of the Cuban exile community, which made it more difficult to execute the planned transformations.

The most important measure taken during the past decade has been the expansion of the non-state sector, though the lack of a corresponding wholesale market and bureaucratic obstacles hinder its growth. This measure brought one of the biggest victories over the embargo: the entrance of an underground investment fund in MLC, (freely convertible currency)—calculated at around 50% of total remittances—to finance private businesses. In agriculture, farmer and cooperative production has been established as the largest food producer and has contributed decisively to reducing the inflated State sector workforce.

After April 2018, as Miguel Díaz-Canel was ascending to the presidency, airs of change and renewal blew through Cuban governance, despite his motto: “We are continuity.” The main result was a massive debate around the new 2019 Constitution, with an article that includes more democratic and participatory content—in particular, the recognition of the socialist rule of law—while keeping important obstacles to the bureaucratic socialist model in the form of intangibility clauses that disqualify it from being a radically new social contract. Notably, article 3: “The socialist system that endorses this Constitution is irrevocable,” petrifies the current status quo by preventing open doors to other economic, social, and political models that would lead

to a less bureaucratized and immobilized society, in addition to making it more dynamic, democratic, and participatory.

Trying to undergo these transformations will be the task of all those who aspire to establish a new social contract that, while preserving socialism as a system, abandons bureaucratic statism as a model, reanalyzes the role of trade unions and the labor movement in the country, guarantees freedoms of expression and association, empowers civil society, includes the right to strike and publicly demonstrate, and provides mechanisms to mediate relations between employers and workers.

In the current state of Cuban society, the need for a new social contract that overcomes bureaucratic hegemony will not be resolved with general guidelines, some constitutional rights, or a new political discourse. Deep transformations in economic relations and overarching structures are required to remove from their positions of privilege the current high and middle level bureaucrats, who today stand on the rights of the people

Mario Juan Valdés Navia (*Sancti Spíritus, Cuba, 1961*) is a historian, Doctor in pedagogical sciences, researcher, professor, and essayist. He has published several books..

Electronic Sports in Cuba, From Unimaginable to a Reality

By **Kmilo Noa**



Alch3mlsT_Cu was the username I chose. Back in 2006, you didn't see many Cubans in the U.S. West servers of Battle.net. We would connect a 128k modem in a not-so-legal way to a basic high school phone that linked us to hundreds of StarCraft players around the world. This little stunt might have cost us more than a visit to the principal's office, but it was worth it. We experienced freedom through the line of that analog telephone, and with each game we won, we felt like we were representing Cuba like the athletes in the Olympics, the difference being that the title or virtual medal was dedicated to our team and that 128k modem, and to no one else.

In 2006, talking about playing online in Cuba was unimaginable, including playing offline. The number of computers for every thousand inhabitants did not exceed 50, and their sale was illegal. The same happened, perhaps to a greater extent, with the number of videogame consoles. Regardless, the first communities of players, or gamers, were already forming.

Currently, the communities are more organized. There are communities of players that hold different videogame tournaments and events throughout the island. Thanks to the arrival of internet services in public areas and Cuban homes, some even allow for international participation.



Illustration: Wimar Vederica Fuentes

To go into more detail about how the gamer movement is doing in Cuba, I talked to Javier Vidal Fernández, president of the Electronic Sports Group in Cuba (ADEC), the first community of its kind with institutional recognition and participation in international events.

The First Videogame Communities in Cuba

Since when have you been aware of the existence of gamer communities in Cuba?

Javier Vidal Fernández: The first gamer communities in Cuba arrived with videogame consoles, when the NES, SNES, Nintendo64, Playstation 1, etc., entered the country. Games like Street Fighter, Killer Instinct, Mortal Kombat, and others in the fighting genre were among the first games with a competitive approach to become popular, alongside first-person shooter games and sports simulators.

As time passed and the number of people who owned a console or computer increased, some of the most popular games of the time arrived in Cuba, where real-time strategy (RTS) games had rapid acceptance. Among them, StarCraft I by Blizzard Entertainment stood out. This game

led to the first gamer community and turned into what is today known as the Cuban Electronic Sports Group (ADEC).

StarCraft provided great tools for interconnecting users since it made it possible to communicate with gamers from home through a modem and landline phone, thus allowing for the first tournaments we have reference to.

The Founding of ADEC and Its Main Activities

When was ADEC founded and what are its main activities on the island?

JVF: ADEC was founded on November 25, 2007, a few months after the call for the first HSL (Havana StarCraft League). From the beginning, it had a series of objectives including: increasing the culture of electronic sports and videogames in Cuba; obtaining institutional and/or governmental recognition that would

guarantee carrying out high quality tournaments since face-to-face events demand many logistical resources; promoting electronic sports as another area where Cuba could compete internationally and obtain satisfactory achievements; creating competitive ecosystems for the most popular electronic sports in Cuba; and creating spaces where the community could interact

with itself and stay informed about tournaments, among other things. In addition to the work we do to keep each community active and competitive, the ADEC team works hard to understand the entire phenomenon of e-sports on a global scale in order to provide advice to all of our competitors and to keep up with the evolution of the international community.

How many members does ADEC currently have?

JVF: We do not have an exact figure or a registry of members because the figures we handle are those of players registered in tournaments, but one of our objectives for 2021 is to organize a census to be able to have more precise statistics.

To give you an example, the Cuba Dota 2 League, which is the biggest league we have ever had, has more than 100 teams in it, with each team containing 5 participants. The FIFA tournaments we organize easily fill the 128 participants capacity; due to logistical issues we cannot offer more space. On the other hand, the first Clash Royale tournament that we held online had 100 players and today there are around 16 teams competing only in Clash Royale. With this data we can at least say with certainty that thousands of players play videogames competitively, beyond playing them as a hobby, and we can assume they are practicing an electronic sport.

We experienced freedom through the line of that analog telephone, and with each game we won, we felt like we were representing Cuba like the athletes in the Olympics, the difference being that the title or virtual medal was dedicated to our team and that 128k modem, and to no one else.

Is there a system of national e-sports tournaments?

JVF: There have been various leagues since the founding of ADEC. Some have been discontinued, some remain on hiatus, and others have evolved.

For a considerable time, we used the infrastructure of Snet, a citizen network that existed in Havana until mid-2019. This was the second largest ecosystem of players after StarCraft 1 and the encounters held through modems lost popularity.

Recently, with the support of the Central Palace of Computation, we were able to carry out events that must be held in person. As is evident, COVID affected certain leagues such that Dota 2 and FIFA are on hiatus, which is why we have also shifted to creating online communities and leagues with games that can be played through mobile data. This is the third community ecosystem within ADEC, started at the end of 2018 with the launch of 3G and ETECSA's mobile data internet service. We consider it extremely important to continue promoting these communities since online gaming is what opens us to the world of electronic sports in the international arena.

Cuba on the International Electronic Sports Circuit

Is Cuba represented in international tournaments?

JVF: Yes, definitely. In fact, 2020 saw a tremendous increase in participation for Cubans on the international scene. Blizzard's HearthStone was one of the first games where we had significant results. Since April 2019, the HearthStone community has been highly active in semi-professional tournaments both in Latin America and on a global scale, and there have been quite a few satisfactory results.

To give you some examples, OverLord was the champion of Season 1 of the Online Sports Championship (OSC), a league-format tournament that lasted a year with more than 250 competitors. CubanProSS also had significant results in Blizzard's official competition system, finishing second in an important qualifying tournament that would have opened the door to a face-to-face event with a \$150,000 prize pool. I (ToXavieR) was

also just shy of advancing to the World Electronic Sports Games (WESG) for the region of Mexico and Central America, and this year I was Top 16 in an important LATAM tournament organized by Blizzard, something that Rex, another Cuban player, also achieved.

In AutoChess, we were pleasantly surprised that DarkHero managed to reach Top 6 in a particularly important tournament organized by the Electronic Sports League (ESL) for the Latin America region, which guaranteed them a \$900 USD prize. Our Synergy team represented Cuba by participating in a tournament for nations as well.

The Cuban Clash Royale team had an excellent performance in the World Royale League (WRL) where, against all odds, they reached a top position in the group category. They finally fell in the round of 32 against Poland, the defending champion. It is necessary to clarify that all the leagues previously mentioned are leagues where semi-professional and professional players participate, and although we have not yet reached a benchmark status, we are beginning to see the progress of what can be if we continue to train and participate.

Challenges and Obstacles for Electronic Sports Players in Cuba Today

What do you consider to be the main challenges and problems for Cuban gamers?

JVF: There are several factors that present problems for the development of electronic sports in Cuba. To date, there are no designated spaces, or spaces that provide us with all the logistics we need to carry out large scale face-to-face events. Electronic sports create spaces for both competitors and spectators, which means there is a lot left to collaborate on with Joven Club because they have the technological resources we need, in addition to other entities that can provide us with the entertainment infrastructure.

In 2020, ADEC obtained the protection of the Cuban Computer Union (UIC), something that was very well received. Un-

fortunately, we have not been able to start many projects because of COVID-19. We also became members of the Global E-Sports Federation (GEF) and the Caribbean E-Sports Federation Alliance (CEFA). INDER could also be a fundamental pillar in helping us since these two international organizations that I mentioned are working towards the inclusion of electronic sports in the programming of the Olympic Games.

With regards to playing online and competing in international tournaments, there are two factors that affect us. First, Cuba's connectivity lacks quality and is not economically profitable for most games. There are games that have a low consumption rate of mobile data, and with practically 2GB of data you can play all month. However, there are other games, such as Dota 2 or several shooter-genre games, where a single game can consume more than 100mb. This forces us to choose which communities are viable to sponsor and develop.

The other factor that affects us a lot is the U.S. economic embargo. Because of it, several of the main videogame companies such as Blizzard, EPIC Games, and Riot Games do not allow us to compete in their official competitive systems. Some don't even allow us to buy or play their games due to sanctions and fines. This is obviously a huge obstacle when trying to compete professionally because it only leaves us with the possibility of competing in third-party tournaments that will never have the scale of official circuits.

In addition, sanctions make it difficult, and in external cases, prevent electronic sports practitioners in Cuba from being able to access tournament prizes, even when we manage to win them since payment gateways such as Paypal, Skrill, and others are banned for us. In these cases, we must resort to other forms of payment that are not always favorable with the organizers of these events.

Is there interest in creating a national team that represents Cuba in international competitions?

JVF: Of course. In fact, we have representation from our national team in several electronic sports, and we are fully prepared

to continue adding new teams as communities of other disciplines develop. We are also waiting for convocation announcements from the CEFA as well as the GEF, where we can compete representing our country. We are constantly looking for leagues to join, whether official or third-party. We hope to double our efforts in 2021 so as not to slow down everything we were able to achieve in 2020 despite the conditions we had to face.

The Changing World of Technology in a Country Stopped in Time

The comments of my interviewee show the great potential within Cuba to develop communities of electronic sports players, as well as the professionalization of those who are currently active.

New technologies associated with the development and use of videogames are increasingly present on the Island, but at the same time they are the main Achilles heel for these communities. The devices and graphics cards needed to run the latest titles and those with higher technological requirements are imported by Cubans who travel abroad, then resold at higher prices that are often double their purchase price. This restricts many young people who do not have the financial resources to acquire them, most of them students who still depend on their parents' support.

Nonetheless, gamers continue to put in effort and train to fulfill their goals of participating and winning prizes in international tournaments and leagues representing their country, just like those Olympians who dedicate their medals to their countrymen.

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Cryptocurrencies in Cuba: What About Their Legal Status?

By *María Lucía Expósito*



In the last five years, Cuba has strengthened its presence in the world of cryptocurrencies. Although we arrived a little late to the party, there is already talk, like any fashionable topic, of electronic currencies, wallets, and exchanges in Cuba.

While the country gradually learns to navigate in a digital jungle and Cuban Internet users look to embrace the long-awaited phases of electronic commerce, cryptocurrency exchanges have achieved a leading role within the community. Chats, profiles on social networks, Telegram and WhatsApp groups, as well as other virtual communication channels connect thousands of Cuban users who trade and interact every day.

According to the specialists at **Arca Economic Analysis**, the subject has aroused interest, particularly in entrepreneurs under the age of 35, because the entry barriers are low. One does not need large amounts of capital to enter and explore the advantages of the market. This phenomenon coincides with the average age of Cuban investors. However, many people worry about the absence of a regulatory framework.

Cryptocurrencies: How Legal Are They?

From a global point of view, due to their decentralized nature, cryptocurrencies are not issued, supported, or controlled by bodies such as governments, companies, or banks. Most of the cryptocurrencies are controlled entirely by their own computer system and users. For this reason, there is no global consensus on how to implement a legal, regulatory framework.

As of 2017, the country has evaluated different ways of making the use of cryptocurrencies legal from an institutional standpoint, given that there are no current laws that deal with the usage of cryptocurrencies. Current regulations do not prohibit them either. A note published on the [Cuba Debate](#) website at the beginning of 2019 corroborates this and cites a consultation with officials from the Ministry of Communications, where they clarify that there is no decree nor resolution that regulates the use of cryptocurrencies. In the [same report](#), authorities from the Central Bank of Cuba, along with the Institute of Cryptography in the Mathematics and Computation department at the University of Havana, declared that a regulatory framework was being defined in order to legislate the currency.

In a dialogue with Miguel Katrib, a Doctor of Mathematics and Computing and a professor at the University of Havana, Cuba Debate reported that both the academic and institutional environments “are calling for knowledgeable jurists around these topics. There have been conversations with the Cuban Law and Informatics Society of the Cuban Union of Jurists to initiate this.”

This Cuban *breaking of the ice* was, in addition, one of the proposals put forward by Katrib during the second International Cyber Society Congress in 2019. It would have had its own conference at the Informatics 2020 event had it been held.

Like its Latin American counterparts, Cuba represents fertile ground for issuers of digital assets, given that investors see many advantages including: a low financial threshold, a gigantic informal sector, and many citizens that depend on remittances



From a global point of view, due to their decentralized nature, cryptocurrencies are not issued, supported, or controlled by bodies such as governments, companies, or banks.

first peer-to-peer exchange in Cuba. The developer adds that through the **Qbita**² app you can buy, sell, use, and store Bitcoins easily and safely.

Looking Towards the Future

The research firm Chainalysis reported thefts in different types of scams that amounted to more than 4 million dollars stolen in cryptocurrencies in 2019, a fact to take into account given the number of networks that move assets. Cuba already has, though at a quasi-primitive level, online spaces for exchanging assets (buying/selling) and remittances through cryptos such as the **DonBix** page, from the Cuban advertising group High Vista, and the **Bitremesas** site.

The usage and purposes, both present and future, regarding the movement and reception of cryptocurrencies within Cuba can be as varied as the interest of the users that inhabit the network today. There is also the issue of security that will or will not exist in this exchange process. The first steps are being taken from remittance agencies to normal buying and selling. The crypto table on an island that is transforming its monetary routines and updating its currency traffic models (though not as fast as it is claiming to evolve) will be served as a cold dish. How to digest it will depend on the investor.

¹ Musharraf, M. (2020) *Cuba's first P2P Bitcoin exchange launches amid regulatory uncertainty*

² A non-custodial, decentralized, and P2P (peer to peer) that ensures perfectly legal buying and selling. It works without a VPN in all countries. It is supported by its Own Full Node Bitcoin.

but lack bank accounts.

But even amid this regulatory uncertainty, just four months ago the first P2P Bitcoin¹ exchange was launched in Cuba. As a **Cointelegraph** notes, Italian-Cuban businessman Mario Mazzola developed and deployed this

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The Cuban Single-Party System: A Primer on the PCC in the Exercise of Power in Cuba

By Aldo Álvarez

In Cuba, only one political party is legally recognized: The Cuban Communist Party (PCC). According to the typology developed by Sartori,¹ one of the great political scientists of the 20th century, single-party systems are considered non-competitive, along with hegemonic parties in multiparty systems, as was the case with the PRI in Mexico during much of the 20th century. The author makes this classification based on the rules that establish the possibilities of achieving political power from fair and egalitarian terms, among the different political positions that can arise from a country's population.

¹ Sartori Giovanni, *Partidos y Sistemas de Partidos. Marco para un Análisis. Vol 1. Madrid, Alianza. 1987.*



Illustration: Maikel Martínez

The existence of a single-party system in Cuba was championed by Fidel Castro on several occasions. One of them was in 1991,² when he said that multi-partyism would lead to the political fragmentation of the country, and that an undeveloped society, especially one under siege, could not afford to be divided if it wanted to develop.³ He explained: “I have the deepest conviction that the existence of one party is and must be, for a long period of history that no one can predict until when, the form of political organization for our society.”⁴

Currently, Article V of the Cuban Constitution of 2019 describes the PCC as “the superior leading political force of the society and the State.” This phrase was almost identically included in both the 1976 Constitution and in the first national conference of the PCC in 2012.⁵ It is thus clear that the unique party system in Cuba, recognized constitutionally, considers the party as an entity superior even to the structure of the Cuban State and its society. In this scenario we ask ourselves:

What is the structure of the PCC like? How does important, political decision-making work in Cuba? How are these decisions interrelated with the rest of Cuba's governmental structure?

First, let's identify how the PCC is structured:

According to the Statutes of the PCC,⁶ the Party Congress “is its supreme body and decides on all the most important questions of the party's politics, organization, and activity,” and also “approves the strategic guidelines and programs for economic, social, and cultural development of the nation.” Therefore, if the PCC is the “superior leading political force,” and the Congress is its “supreme body,” then it follows that the Party Congress, which is regularly convened every 5 years, is the most important political event in political life in Cuba.⁷

² <http://www.granma.cu/cuba/2018-08-16/por-que-en-cuba-hay-un-partido-unico-16-08-2018-21-08-04>

³ Alonso Aurelio. *The State and Democracy in Cuba. Notes for approximating the problema*. Clacso. 2009.

⁴ *The debate over the pluralist party in Cuba requires an entire independent analysis, taking into account the ample bibliography about the subject.*

⁵ <http://www.granma.cu/granmad/secciones/1ra-conferencia-pcc/objetivos.html>

In the periods between the celebration of one Congress and the next, and by its representation, the Central Committee is the highest governing body of the party. The Central Committee meets ordinarily only 2 times a year.

Its plenary, that is, its members gathered in assembly, elects the Political Bureau—or politburo—from among its members, including the First and Second Secretaries of the Party. This Political Bureau, in representation of the Central Committee, is then designated as the “superior body of direction of the party between the plenary sessions of the Central Committee and directs all the partisan work during these periods.”

Finally, this Political Bureau, made up of people who most of the time occupy another public office, is expected to create an executive commission for their day-to-day activities, as well as “in relation to the day-to-day running of the party, the Political Bureau is supported by the Secretariat of the Central Committee.”

So we have:

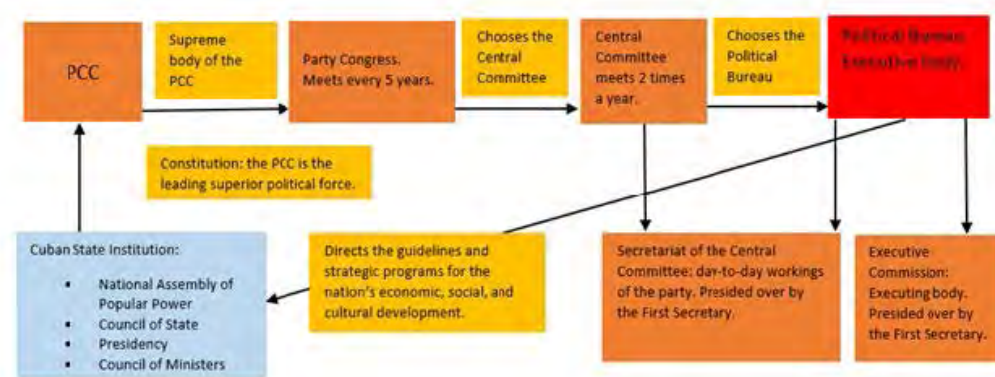
- The Party Congress – Supreme body – meets every 5 years.
- The Central Committee – Representative body – meets every 6 months.
- The Political Bureau – Higher management body – meets when convened.
- The Secretariat of the Central Committee and Executive Commission – Works on the day-to-day basis.

We understand that in this complex system of indirect party representation, the best way to support any explanation is through an outline:

For a better understanding of the Political Bureau, it is important to mention that the majority of its members hold governmental positions in Cuban State Institutions, thus crea-

⁶ *Statutes of the Cuban Communist Party. Articles 45-53.*

⁷ *However, between congresses and for exceptional circumstances No obstante, entre congresos, por razones excepcionales, se puede convocar una Conferencia Nacional, tal como se hizo por primera vez en 2012.*



ting a much more complex network of influence, interests, and internal political positions than what the formal structure may reflect.

For a better understanding the of the Political Bureau, it is important to mention that the majority of its members hold governmental positions in Cuban State Institutions, thus creating a much more complex network of influence, interests, and internal political positions than what the formal structure may reflect.

With this in mind, let's look at some of the members of the Political Bureau, which is currently composed of 17 people:⁸

- Raúl Castro Ruz (1st Secretary) (does not have another government position),
- Jose Ramón Machado Ventura (2nd Secretary) (does not have another government position),
- Miguel Díaz Canel (member) (President of the Republic),
- Salvador Valdés Mesa (member) (Vice President of the Republic),
- Esteban Lazo (member) (President of the National Assembly and the Council of State),
- Bruno Rodríguez (member) (Minister of Foreign Affairs),

⁸ <http://www.granma.cu/septimo-congreso-del-pcc/2016-04-19/presentan-nuevo-comite-central-del-partido-19-04-2016-12-04-45>

- Leopoldo Cintra Frías (member) (Minister of the Armed Forces) – along with 2 other vice ministers, this Ministry has the highest representation of a ministerial sector with 3 members in the Political Bureau,
- Marino Murillo (member) (former Minister of Economy and Planning, and recognized during the last decade for being the Head of the Permanent Commission for the Implementation and Development of Cuban socio-economic reforms), and
- Ramiro Valdés, one of the last members of the so-called “historical generation,”⁹ former minister of the Ministry of the Interior and
- Communications (during different periods) and current Deputy Prime Minister.

Taking the above into account, we can conclude that within the Cuban political structure, the Political Bureau is the most important decision-making body in the country. Considering that some of its members also occupy the most important government positions in the nation, it is understood that all the decisions made at its meetings become directly applicable and implemented in the rest of the government's institutions.

Therefore, those who are members of the Political Bureau participate, with greater or lesser relevance, but always actively and directly, in the country's most important political decisions. The contents of Political Bureau meetings are not in the public domain—only a few brief reports are published about them¹⁰—so citizens only have access to these decisions once they are ready to be shared with the public through public conferences,¹¹ and later launched by the governmental institutions of the State (Presidency, Council of Ministers, etc.). For these reasons, it is not possible to carry out any detailed analysis of the positions of its

¹⁰ <http://www.granma.cu/cuba-covid-19/2020-06-17/efectuado-reunion-del-buro-politico-17-06-2020-00-06-22>

¹¹ <http://www.cubadebate.cu/noticias/2020/06/11/gobierno-cubano-informa-medidas-para-la-recuperacion-tras-la-epidemia-de-la-covid-19/>

members, nor of the internal debates over positions in relation to any topic of interest. However, it is safe to assume, as in any other social group setting, that there must be differences over any idea even though these are not externalized to the public sphere.

Everyone interested in understanding Cuba's political life a little better should pay close attention to the partisan, generational transfer of power scheduled for the next Party Congress in April 2021 and how this will affect the membership of the Political Bureau in the next political cycle in Cuba (2021-2026).

Not only is the announced retirement of Raul Castro from public life and his replacement as First Secretary of the Party relevant. In addition, while the Cuban political system maintains its current form, the confirmation and permanence, or the substitution and replacement of the other current members of the Political Bureau, will shape the most important political decisions to be taken in Cuba over the next several years.

Aldo Álvarez is an attorney and Young Professional member of the Cuba Study Group. He lives in Havana, Cuba.

We can conclude that within the Cuban political structure, the Political Bureau is the most important decision-making body in the country.

The Path to the VIII Party Congress: Cuban Politics Between the New Government and Contemporary Society

By *Rafael Hernández*

I begin by making some general observations:



Understanding the transition in which Cuba finds itself today, the political process that characterizes it during this moment, the ongoing debate about current policies and their scope, and the path that will open as of April is anything but obvious to the naked eye, nor can it be reduced to a set of theses or a true or false quiz.

I am referring to the domestic debate, concentrating on the disagreement, among experts, not because it is the only one or the loudest, but because this debate implies a space to express different views like never before. The noisy debate mainly comes from the media, both State and opposition, which in the end are similar due to their tendency to confuse the mission of reporting by analyzing through ideological loyalties that does little to capture the nature of the political process. Noisy, too, is the avalanche of "fast and furious" opinions on the internet, which has not improved this confusing panorama, but rather further polarized the ideological climate and blurred real politics and its meaning.

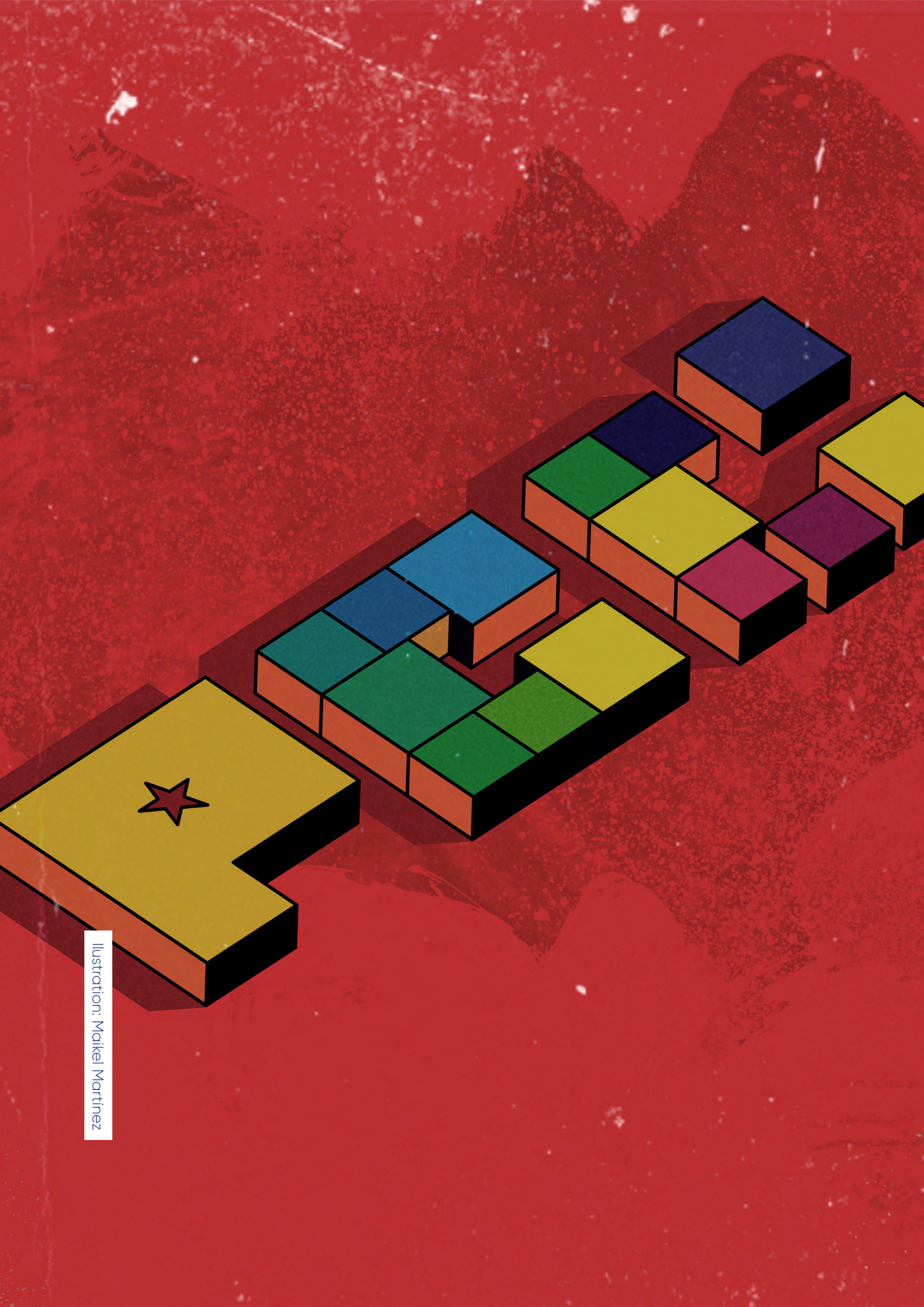


Illustration: Maikel Martínez

Even though the diversity of perspectives among experts is not always ideological, it does include approaches with different political implications. This corresponds to what is produced at research centers and universities, academic and cultural publications and events, as well as sometimes controversial information covered by provincial press (Cienfuegos, Ciego de Ávila), and the work of think tanks and institutions such as the Institute for Economic Research (INIE), the National Office of Statistics and Information (ONEI), etc., that are filtered through networks and email groups and shared more informally.

This spectrum of perspectives and nuances is manifested even without departing from what could be identified as the framework of a reformed socialism. Reducing the wealth of this panorama to a handful of authors (two or three from “inside,” and a few others from “outside”), almost always economists and usually the same ones, is limiting and exhausting if one tries to understand the complexity of the ongoing political process through it.

A final, introductory observation is that these comments may not match many of the commonsense interpretations and ideas that are often repeated. I interpret politics like a puzzle with visible pieces that allow an image to be discerned. Even if in many cases I do not agree, I do not spend time explaining how I would have designed it, but rather trying to explain its real causes and effects. I am guided by data, facts, regulations, and other elements that, although public, are not often considered, especially from the outside, and sometimes even from the inside. I am also guided by examining national and international situations, including public opinion which has become a constant source of pressure today.

The path of Cuban politics cannot be analyzed or anticipated without focusing on the current interaction between its application and its effects on the society that experiences and reacts to it.

The Policies, How They Work, and the Current Context

The path of Cuban politics cannot be analyzed or anticipated without focusing on the current interaction between its application and its effects on the society that experiences and reacts to it. This action-reaction is more decisive when explaining and predicting it than the tension between different ideological views. Although there are more than two ideological currents that affect the present and the probable future, these are more relevant in sectors such as the media, education and culture, the treatment of émigrés, and, sometimes, security. However, those ideological differences are not the ones that allow us to explain the economic and political transformations that affect the functioning of the system and its institutions, foreign policy, defense, and even topics apparently as ideological as the relationship between the Church and the State.

Below I share seven key ideas about the political moment and its peculiarities and then point out some problems within the current critical juncture that affect us.

1. **There is a consensus within the political class about the deepening of reforms.** This consensus is based on the Guidelines (2011) and their readjustments (2016), as well as the Constitution (2019), and especially the **Socio-economic Strategy** (EES, July, 2020) to face COVID-19. Among the most recent reforms are those included in the monetary unification (“Ordenamiento”), the revision of the criteria applied to self-employment (TCP) since 1993, and the confirmation of pending SMEs. Both the implementation of the Ordenamiento and that of the new approach to TCP are being corrected on the fly, responding to complaints from the population to reduce social costs and avoid irreversible impacts, especially for the most vulnerable groups.
2. **There are no previous experiences, nor theory about reforms, that foresee their impact in the specific case of current Cuban society.** The thousands of pages written

about the reforms in Eastern Europe and the USSR may have points in common with Cuba, especially in some aspects of how they began, but are different with respect to the socio-economic model to which they arrive, as is made clear by the new Constitution, which unlike in those other countries, does not restore capitalism. If we compare the case of Cuba on the one hand, and those of China and Vietnam on the other, we will notice substantial differences that my economist friends often overlook. The first is that Cuban society is not characterized by a traditional rural order, with millions of people in extreme poverty who can die of hunger or curable diseases. Nor is Cuba divided into ethnic minorities with different languages, nor are Cubans used to ancestral regimes of authority and social discipline. Today’s Cuba, with all its problems, is a paradigm of Western modernity and social development when compared to these others (see United Nations Human Development Index, 2020). The second difference is that neither China nor Vietnam, when initiating their reforms, were subjected to hostility from a border power like the US, nor did they suffer the multilateral effect of a lasting embargo like ours. The third is that the Chinese and Vietnamese living in the vast impoverished areas of the interior can dream of working 14 hours a day in the Adidas factories, located in the glittering cities of the coast, while Cubans can hardly imagine another form of promised land better than Hialeah. Therefore, when applied there and here, the same measures can have different effects.

3. **There is a new government, a different constitutional framework, and a vastly different society.** Less than three years ago, the supposed measure of change was “the end of Fidel,” “the overcoming of the gerontocracy,” and the “generational change.” Nobody talks about it anymore. For barely two years we have had a new Constitution where the definition of property over the means of production went from “familial” (self-employment) to one

that only restricts its concentration, its precise limits yet to be defined. Already the VII Congress of the PCC in 2016 had agreed that this private property, in the form of SMEs, was necessary within the new socialism.

4. The state sector, which, according to the new Constitution continues to predominate, needs to be transformed as much as, or more than, the private sector.

This private sector is not going to function or take hold until the state sector is transformed into a public sector; that is, until it can become autonomous and coherently connected with the private sector. Thus, the growth and real significance of the private sector, including the cooperative, will depend on its degree of integration with the public sector, as well as with that of foreign investment, which would give it a real weight in the economy, in addition to having an impact on specific market segments and services.

5. The second backbone of reform is decentralization. The relationship between central power and provinces, territories, and municipalities has historically been one of vertical subordination. There can be no liberation of productive forces if it is not from below, where these forces are implanted, especially those of small and medium scale both private and state. The new Constitution revolutionizes the role of municipalities (Title VIII, Chapter II). There is talk of “municipalizing” politics, including granting the autonomy to generate a local economy, which includes job creation, tax configuration, investments and even relations with foreign capital.

6. The reforms signal new forms of interaction among actors in the state and non-state sectors. Unlike the economic functions of the US federal system (federal and state government, Federal Reserve System, etc.), the Cuban system has tended to reproduce, both above and below, the supremacy of the PCC and its structures, not only to adopt policies and monitor them, but in decision making

and management. To make these economic policies a reality, the nine ministries of the economy, the autonomous public enterprises at the national and local levels, the local governments, the cooperatives, and private sector entities are required to function in a cohesive manner with each other. This new interweaving is one of the main challenges of the transition.

7. Overcoming the crisis requires growth, and reforms require riding on legislative wheels.

Cuban economists tend to focus on the macro analysis of this growth and its factors, including the supply side. In doing so, they often pay less attention to studying the demand side, the functioning of the retail market, consumption (family, social, business), the unequal distribution of liquidity in social segments and territories (including foreign currency in convertible currency), the role of work and local actors, the amount and channeling of remittances, and other factors that affect real growth and living standards in a different way.

Furthermore, the legislative process implied by reforms is not restricted to the availability of convenience legal measures. Jurists (and economists) tend to identify this process as the adoption of appropriate regulations or standards, equating it to that of a surgeon choosing instruments placed on a tray. In doing so, they do not consider that this surgeon, in any case, is operating for the first time, so that regardless of how much sophistry or theory he may dominate, he does not know what his effect will be on the living organism involved. If the legislative process were pure legal logic, separated from political, social, and cultural factors, it would not have the contradictory character that defines it everywhere.

Problems on the Path to the VIII Congress of the PCC

Although these are ongoing processes that demand continuity and development, in 2020 the government signaled its determination in areas such as the application of monetary and

exchange unification, salary increases, extension and modernization of communications (institutional, social and private access to ICT, the digitization of society, etc.), diversification and tightening of international alliances (China and Russia, but also with the EU), and reaffirming the standardization policy with the US (despite the disgrace of Trump).

In other areas of politics, however, there is little or no progress. Examples, and without space to elaborate on them, include the institutionalization of relations with Cuba's emigration, or the recognition of the impact that unions, professional organizations, associations, NGOs, etc. have on how a political system functions.

Maintaining the VIII PCC Congress (April 16-19), while applying the policies agreed upon during the VII, despite the re-emergence of COVID-19 and the worsening of the already difficult economic situation, is an expression of political will. It is clear that the Ordenamiento measures could have been adopted earlier—the question is whether not having postponed them once again, despite the costs, would have been the correct political decision.

Even though the agenda of the VIII Congress was not known as of the writing of this text, it is possible to consider problems that are visible on the national political radar. These have a structural contradictory nature. In other words, these are contradictions that do not depend on “subjective” factors such as ideological lenses, or technical errors, but rather on tensions inherent in the economic and social situation and their reflection in the policies implemented. This complex equation has COVID-19 as an independent variable.

I limit myself here to commenting very concisely on four problem areas:

- **To what extent do the application of reforms and the political climate in society amid COVID-19 support or interfere with each other?**

Structural contradictions (or antinomies) that run through policies include:

1. External dependency (tourism, remittances, food imports) vs. restrictions on visits (emigrants, tourists, “mules”).
2. Stimulating producers through better prices in the state wholesale market (competition with prices paid by the private sector) vs. protection of family consumption in the context of the Ordenamiento (basic food basket, price control).
3. Salary increases vs. shortages (drop in production and supply, inflation).
4. Socio-economic security coverage (pensions, help to the most vulnerable groups) vs. COVID-19 expenses (medicines, hospital care, food, transportation, etc.)
5. Monetary and exchange unification (end of CUC, new exchange rate) vs. market segmentation (CUP, MLC).

- **How do the consequences of the Ordenamiento and COVID-19 affect decentralization policy?**

According to the Economic Strategy to Face the Crisis and COVID-19 (EES), it is necessary to: ensure “municipal self-sufficiency of agricultural products,” assert “municipal development strategies and land and urban planning,” and put them in the hands of local power and its institutions; facilitate the approval of investments at a certain scale; and order the largest supply of strategic inputs, such as construction materials, to “local production plans.”

1. The application of territorial measures to combat the pandemic vs. unequal distribution of infrastructure and resources.
2. The application of reforms that grant greater autonomy (make profitable state companies, TCP, municipal governments) vs. central government intervention (inflation, price control).

- **To what extent has the health crisis and economic adjustment affected the continuity of the legislative process?**

The legislative plan for 2020 included urgent topics such as territorial planning, the courts, criminal procedures, housing, pub-

lic health, claims of constitutional rights, and national defense. The pandemic postponed almost all of them, including a decree-law scheduled for last September on demonstrations and assembly (Article 56: “the rights of assembly, demonstration and association, for lawful and peaceful purposes, are recognized by the State.”). Others on citizenship, land, migration, and foreigners, important for emigration procedures and their rights, were also postponed. However, the Associations Law planned for 2022 in the 2019 schedule has been maintained for the same date.

Tracing COVID-19 and its effects requires prioritizing areas in the legislative schedule, and the VIII Congress could probably influence that political review.

• **What new ideas has COVID-19 contributed to the prevailing economic culture in Cuban political documents, government discourse, and economic debate?**

The revaluation of health, higher education, culture, and science, barely defined as “public services” and “budgeted sectors” (meaning, “unproductive”) in the prevailing documents and macroeconomic logic has reached a higher level of importance thanks to COVID-19. The challenges of the pandemic have forced us to look more towards innovation and development in the production of high-end medicines and medical services, in contrast to sectors such as tourism, where more conventional representations prevail and with poor added value. Can these lessons be extended to conceptual changes in the management of the economy, and to other sectors, in addition to drug production and public health?

I have limited myself to commenting on the implementation of economic policy and some, not all, of its own contradictions. I identify them as contradictions inherent to that policy—even if pure economic reason reduces them to expressions of ideological blindness or lack of knowledge from the decision makers—be-

cause they reflect a political reason faced with a complex national situation, as described by Cuban social science.

It would also be necessary to consider other problems of politics; like say, those of a new government, which no longer has, and will not have, the type and level of consensus that existed in the past but will have to constantly promote it. Explaining its political rationale and its circumstance is not the same as agreeing with it or justifying it, but aims only to understand it and be better able to anticipate it. For example, appreciating how this picture would interact in a changing relationship with the United States and with Cuban emigration, which, although not a panacea, could lessen the festering of those and other problems based on to historical patterns.

To understand this interaction and its future in realistic terms, one must learn to think about it within present context, and with another mindset.

Rafael Hernández is a Cuban political scientist and chief editor of Temas, a social science journal based in Havana.

Influencers Within Cuba, Trends and Technology

By Kmilo Noa

Social networks have a large impact on today's society. They define trends, lifestyles, influence politics and are even capable of changing the course of presidential elections. Cuba arrived late to this phenomenon. It was not until 2013 that Cubans began having private access to the internet with the launch of the first navigation rooms,¹ and later in June 2015 with public areas of access through Wi-Fi networks.² Then, in December 2018, the island implemented internet access through mobile data networks, and the number of users increased to more than 7 million.³

¹ *Navigation rooms in Cuba ready for Internet access* (Cubadebate, 2013)

² *Wi-Fi in the environment* (Juventud Rebelde, 2015)

³ *Global Digital Report 2020: Cuba for the first time above the world average of internet penetration* (Cubadebate, 2020)

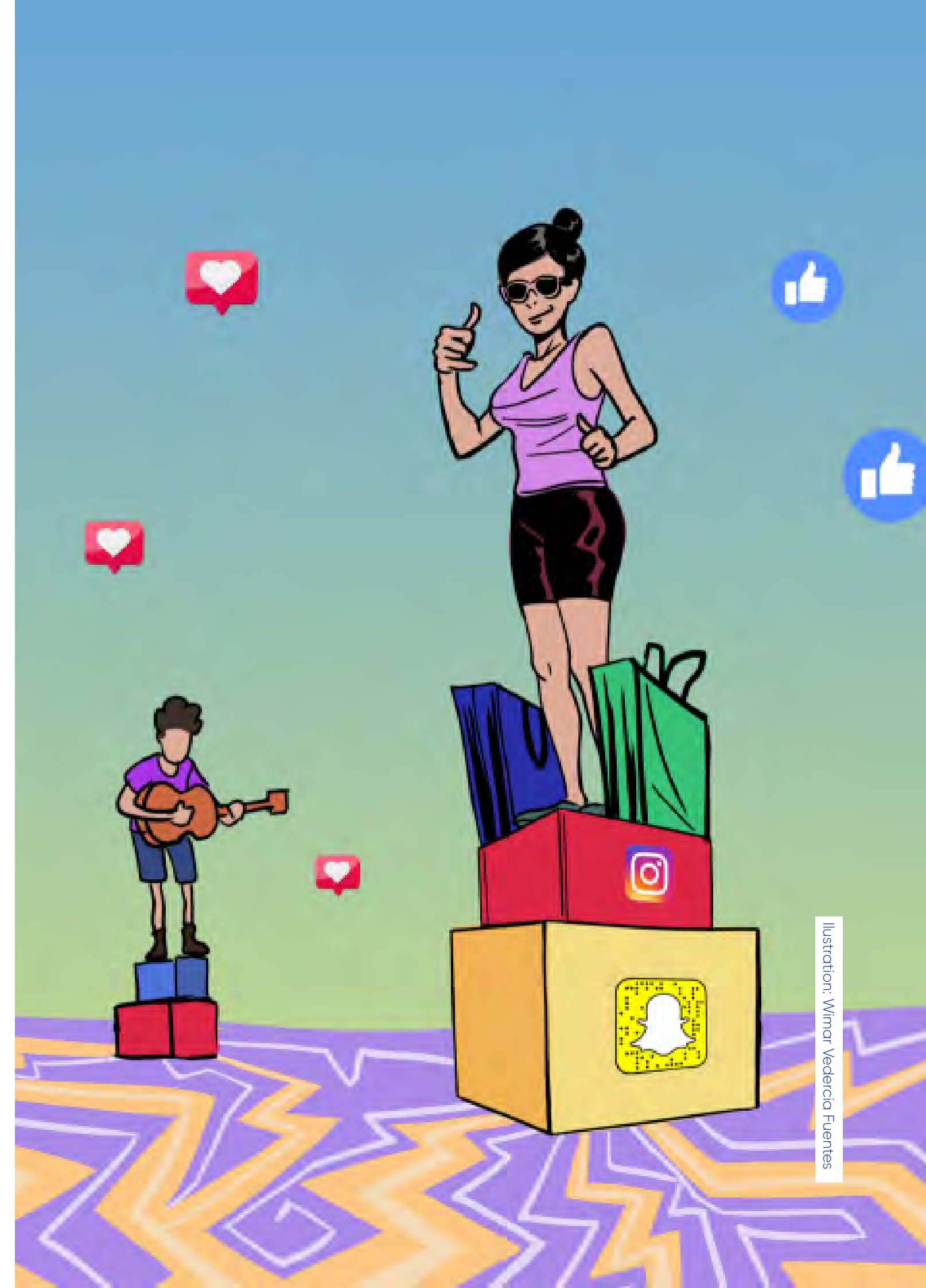


Illustration: Wimar Vederica Fuentes

Within this figure stand out people who, from a status of popularity, have taken to social networks as a platform to promote their personal brand.

That's how Cuban influencers emerged, a guild that is in full swing on the island.

Inside the Island

To understand this phenomenon, we must first define what an "influencer" is globally. Influencers are people with communication skills capable of generating changes of thought and setting trends or styles within a public that follows and interacts with them.

The Cuban reality is not far from the rest of the world in general. With the rise of self-employment, small businesses have used influencer marketing to sell their brands on social networks. Examples such as **Bajanda**, a taxi application that operates in the city of Havana, and **All In Jerseys**, a sportswear store with a market focused on the island, are committed to collaborating with online influencers to carry out their advertising campaigns.

These brands market their publications through the profiles of popular influencers with the most followers who access social networks from Cuba, who in turn have the audience the brands are pursuing to sell their products and services.

The posts and content present the brand through clothing or actions related to the product in question, in a way that attracts potential customers in an indirect and natural way.

People who engage in this activity on social networks inside Cuba could be divided into two groups: those who had already reached certain popular status such as artists, athletes and models, and young people who, after the island opened to the internet, have taken advantage of this technology to assume the role of influencer thanks to their charisma and other traits related to physical beauty and fashion.

Among the most popular of the second group is the youtuber **Pedrito el Paketero** with almost two hundred thousand follow-

The path of Cuban politics cannot be anticipated nor analyzed without focusing on the current interaction between their application and their effects on society.

ers, followed by **Frank Camallerys** who has more than one hundred thousand followers on YouTube and has a presence on Twitter and Instagram.

Others such as

Anita con Swing, **Dinastars**, and **Miloh from Cuba** also amass thousands of followers and use YouTube and Instagram as their main platforms, as well as the microblogging social network Twitter, to maintain closer contact with their followers.

The content that they typically publish corresponds to video blogs (vlogs) mostly dedicated to reflecting the Cuban reality, as is the case of Anita con Swing, Pedrito el Paketero, and Camallerys who make their videos based on personal experiences and trips to places of interest within the island, providing their followers with opinions and recommendations on the sites they visit. On the other hand, Dinastars and Miloh make entertainment content, beauty tutorials, and viral challenges on YouTube, while filling Instagram with photographs and stories related to fashion and collaborations with Cuban brands.

There are other influencers on the island whose content is focused on more specific audience segments, such as Erich García Cruz, a youtuber and technology entrepreneur with his **Bachecubano** channel, and **Daguito Valdés**, presenter of a sports analysis channel named **Yo Hablo Football**. In these cases, they also collaborate with brands and businesses related to the content they share and the public that follows them.

The Challenges and Difficulties

The monetization of content, a form of payment usually used to receive profits for their activity on social networks, is perhaps the biggest problem that influencers face in Cuba. Due to the restrictions imposed by the Embargo and other US-imposed economic sanctions on the island, Cuban content creators

are unable to obtain profits through the platforms in which they operate. Therefore, they must seek alternative collection sources such as representatives that can manage their accounts from abroad and collect their earnings on their behalf.

Another largely used alternative is direct publicity, in which they make use of a brand (or mention of it) in their publications and obtain direct payments. Although it is the fastest way to receive profits, it barely covers the production costs necessary to generate the content and this is because the characteristics of the Cuban market do not allow brands to maintain marketing budgets. Small businesses, especially new digital startups, are often forced to pay little or nothing for influencer marketing.

Future vision

With the arrival at the White House of Joe Biden, the new president of the United States, the hopes of a rapprochement between the two nations are in the sights of Cuban influencers. The resumption of the thaw started by the former administration of President Barack Obama and the Cuban government in December 2017 would benefit them significantly since companies that today see their business opportunities in Cuba affected could use the work of influencers to reach their market inside the island. In the same way, Cuban enterprises and future small and medium-sized companies could reach their followers abroad.

The future of this sector will also depend on how much more Cuba opens to the world and whether there is a change in policies that sanction it technologically and economically. Meanwhile, even when the difficulties are plentiful, more and more young people dare to start this career in social networks, some with more luck than others, but always displaying the capacity for adaptation and entrepreneurship that distinguishes them as Cubans.

Kmilo Noa is a writer and enthusiast about technology and social management. He resides in Holguín, Cuba.

The New State Structure in Cuba: From Central Power to Municipal Power

By **Julio Antonio Fernández Estrada**

Introduction



The new Constitution of the Republic of Cuba, approved in 2019, modified the political system in its institutional dimension, but left its core hard and untouched: the direction of the State and society is in the hands of the Communist Party of Cuba (PCC), now consecrated as unique, fidelista, and democratic.

The 1976 Constitution was in force until this last law of laws was approved, but it went through two modifications that changed the structure of political power. In 1992, constitutional reform introduced important changes in the economic foundations of the State by allowing a new form of property derived from foreign investment. It also incorporated “Martiano” as a moniker for the ideological base of the PCC, in search of a political opening that relaxed and expanded the consensus in favor of political power in the face of the crisis caused by the fall of the Socialist bloc and the start of the so-called Special Period.

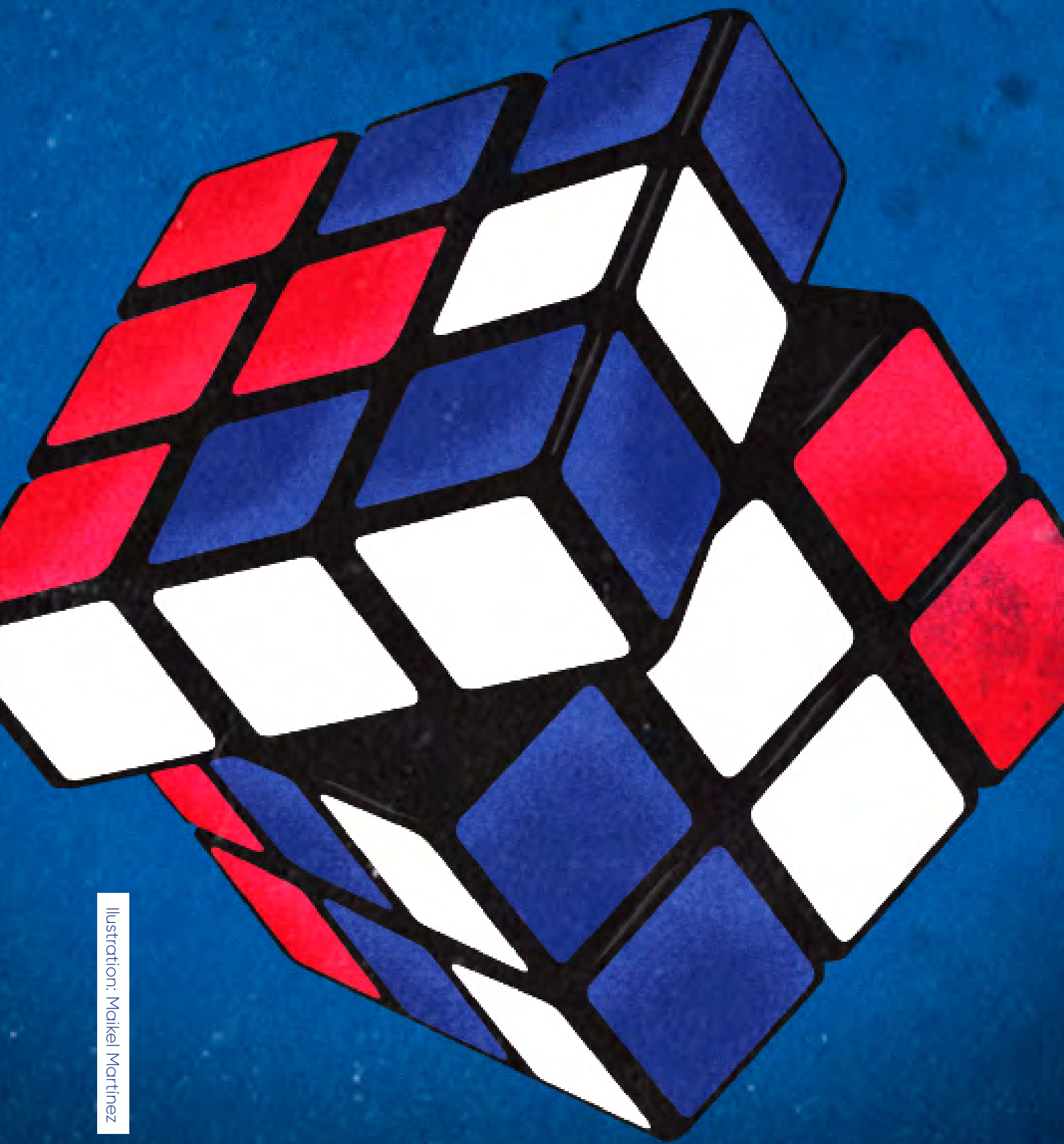


Illustration: Maikel Martínez

Other changes related to power in the constitutional reform of 1992 were: the consecration of the secular State; religious freedom; the incorporation of the State of Emergency as an exceptional situation; the replacement of the old local executive bodies by the Administration Councils, with functions of government at the municipal and provincial level; and the birth of Popular Councils, which are considered the highest authority in their demarcations, and serve as a kind of intermediate link in the chain of power between the municipal delegates and the people.

An electoral law was derived from the 1992 reform, that same year, that allowed for direct, popular voting in the election of provincial delegates and deputies to the National Assembly of People's Power. As of 1976, direct elections were only held at the municipal level, and provincial deputies and delegates came from the suffrage of the Municipal Assemblies of People's Power.

The democratization that was experienced with the constitutional reform of 1992 was trapped in the preservation of the Candidacy Commissions that still survive, although their function has been modified. From 1992 to 2019, these commissions oversaw the creation of the lists of candidates for provinces and the nation at a municipal level. As of 2019, these commissions began to create lists for the candidacies of deputies to the National Assembly because the old Provincial Assemblies of People's Power were dissolved and, in their place, governors, proposed by the President of the Republic, were elected by the Municipal Assemblies to preside over provincial governments.

Still in 2002, the 1976 Constitution was modified to include a third paragraph within Article 3, which already protected popular sovereignty and the people's right of resistance against attempts to overthrow the Magna Carta. From that moment on, an intangibility clause was incorporated that prevents Cuba from abandoning its socialist path both economically and politically.

The policy of territorial development opens a path to an old desire of the Cuban population, of academic institutions, and of Cuban civil society—that of local development and municipal autonomy.

but the State has changed its local and national structure.

At the municipal level, the Municipal Assemblies of People's Power and the Popular Councils remain, though mayors have now been included. They are appointed by the Municipal Assemblies at the proposal of the Presidents of those bodies; they direct the Councils of Administration, the level of government closest to the people. The management positions within the Municipal Assemblies, such as the presidency and the secretariat, are internally elected by this body without popular participation.

The provincial government is now in the hands of a Governor and a Provincial Council. The governor presides over the Provincial Administration, and the position lasts five years. The Provincial Council is chaired by the governor and is also made up of the vice-governors, the presidents and vice-presidents of the municipal assemblies, and the mayors.

One of the most interesting changes brought by the 2019 Constitution has been the Fifth Section of Title II, Chapter VIII, called Guarantees to the Rights of Petition and Local Popular Participation, which allows, in article 200 of the law of Cuban laws, that the Municipal Assemblies of People's Power convene popular consultations and respond to proposals by the population, as well as their complaints and requests. It also guarantees that citizens in the municipality can propose topics for

Local power in the 2019 Constitution

The Cuban State changed drastically in 2019. The political system continues to be dominated by the PCC and the Union of Young Communists (UJC), along with other social and mass organizations,

discussion, ensures that adequate information is updated, and analyzes its own agreements for rights violations.

It must be noted that in the new Constitution, the Article 168 of Title VII: Territorial Organization of the State already considered municipalities autonomous and clarifies that they have their own judicial body and income, in addition to the allocations they receive from the Government of the Republic.

For its part, the province is only considered an intermediate level between the central and municipal structures, according to article 167 of the Constitution.

The New Territorial Development Policy

In 2020, the Council of Ministers approved a new Territorial Development Policy, which should serve as a framework for the laws and public policies that are approved at the municipal level from now on.

The policy of territorial development opens a path to an old desire of the Cuban population, of academic institutions, and of Cuban civil society—that of local development and municipal autonomy.

Municipal autonomy was presented as a state resolution in the 2019 Constitution, and local development is outlined in the Party Guidelines approved during its 6th and 7th Congresses. This policy now emphasizes the endogenous possibilities of the territories and considers strategic the production of food and the exploitation of potentiality for each territory.

A territorial development is proposed in the context of economic crisis in which it is essential to move little by little from an importation economy to one of exportation.

The possibility of creating local development projects of municipal, provincial, and national interest is made more flexible. It is a policy that involves communities, popular power, and above all citizens in the approval of participatory budgets and local development projects with various modes of financing. In this policy, the union of various state and non-state subjects is promoted as a strategy to carry out these projects.

The policy encourages the employment of young people and women in these projects.

The policy revolves around sustainability and respect for the environment, in addition to the legality of any local development project.

Municipal autonomy seems to be the remaining path towards the construction of democracy in Cuba, and there are indications of movement within the State towards this sphere of political life in Cuba.

It is a policy that encourages the use of the most advanced scientific knowledge that each territory may have and involves institutions for territorial training. It does not seek to stop the objective of local development with bureaucratization, but rather encourages it with more expeditious and informal mechanisms.

It is a policy that is clearly related to the economic measures announced on July 16, 2020.

This document is evidence that those who have worked the most to achieve awareness of the need for local development over the last 20 years have been listened to, including and above all, institutions and research anchored in the same territories.

The approved policy opens the doors to the use of economic salary incentives for local development projects that until now were only allowed for prioritized sectors of the economy.

It seeks to develop territories that have long been entrenched in social and economic situations that do not allow for the well-being of the population.

The policy opens the door for local development projects to use, after fulfilling their tax responsibilities, up to 50 percent of what is earned to develop the work of the same project.

It is also a policy that allows productive, socio-cultural, and environmental local development projects.

Social welfare is precisely one of the fundamental objectives of this policy. A training strategy for natural and legal persons is outlined by institutions involved in the design of this policy to prepare leaders and individuals interested in new local development projects.

It is considered a priority to give all legal security to the new local development projects created, to the point of recognizing the projects as having legitimate, legal backing.

The policy analyzed stands out with its flexible, tolerant, and updated language from the perspective of what has been achieved by Cuban civil society and what is established by the social sciences that work on issues related to territorial development.

It is committed to democratization—for popular participation, for considering the results of the assemblies of accountability, for economic flexibility—which is open to the participation of new subjects. It leaves open an interesting possibility: that the relationships between subjects involved in a project are established through association contracts.

In conclusion, it is a policy that, depending on its implementation within laws at a municipal level and others, can be an avenue that encourages new forms of work, community development and even democracy at the municipal level.

The Law of Functionality and Organization of Municipal Assemblies and Popular Councils

The Law of Functionality and Organization of Municipal Assemblies and Popular Councils was also approved in 2020. It deals with municipalities in general, as well as: municipal autonomy; the definition, integration, and constitution of Municipal Assemblies; the dismissal of principals within the assemblies from their functions. The law also deals with the sessions of the Assemblies, the request for information from the president, as well as reports, voting, agreements, and ordinances. It deals with delegates, work commissions, and the rendering of accounts; it guarantees the rights of petition and citizen parti-

cipation, popular consultation, attention to proposals, attention to complaints and requests from the population; it deals with the right of citizens to propose analyzing issues to the Municipal Assembly, for the population to be informed about decisions of general interest, for disclosure of analyses of official Agreements at the request of the population, and the revocation of decision-making bodies subordinate to the local Assembly.

The labor relations between Assemblies and Councils of the Administration are regulated with the provincial governments and the superior organs of the State.

In relation to the Popular Councils, Title II of the Law defines what a Popular Council is, its organization, its powers, popular participation, control over production and service entities, and the cessation of functions in office.

It is fundamental in this provision, Article 10, which regulates that the attributions and functions that the Constitution and the laws confer on the municipal organs of the People's Power cannot be interfered with or assumed by the Provincial Government.

The Central Power Since 2019

The 2019 Constitution created a new State in Cuba with a series of organs that did not previously exist or did not have constitutional importance.

The Presidency and Vice Presidency of the Republic, the Prime Minister, and the National Electoral Council were introduced into the state structure. The General Comptroller of the Republic was introduced into the Magna Carta after years of the position already working within the State.

The Presidency of the Republic is a unipersonal body in Cuba which will be elected every five years and is extendable for a second term of equal time. The most important change in what it means for political power is the president's character as Head of State and his or her indirect election by the deputies to the National Assembly of People's Power.

From 1976 to 2019, the head of State was the President of the Council of State and Ministers, who headed the collegiate bodies of which he was a member.

Perhaps the most radical change that has been ushered by the new Cuban Constitution has been the separation of state functions from those of the government and party, which were homogenous until 2019.

On the other hand, the division of powers is still outside of constitutional order in Cuba, and this allows the courts of justice to be considered independent, but the Constitution itself provides that they can receive directives from the State.

The principles of organization and operation of the State continue to be those of a socialist democracy, but there has been a decline in the number of positions and bodies that are appointed or constituted through indirect elections.

The Prime Minister now directs the Council of Ministers, where the Government of the Republic still resides, but this figure becomes in fact and in law the Head of Government. He is appointed by the National Assembly on the proposal of the President of the Republic.

Final Thoughts

Political power in Cuba is torn between its legal form and its material manifestations as in any other place in the world. The 2019 Constitution establishes the socialist State of Law but does not conceptualize it. It also declares the principle of constitutional supremacy, but the Legislative Schedule approved shortly after the great text came into force has already been replaced by another, which has postponed, for example, the law that should create a judicial procedure for the defense of human rights.

The Cuban Constitution now mentions human rights for the first time since 1959, but it limits the right to create a political organization other than those that already exist in the country, and it does not foresee a specialized institution for the defense of individual and collective rights, nor a mechanism independent of Constitutional Control.

Popular sovereignty is at stake in the face of a bureaucracy little trained in dialogue, deliberation, or citizen control. Municipal autonomy seems to be the remaining path towards the construction of democracy in Cuba, and there are indications of movement within the State towards this sphere of political life in Cuba.

It is impossible to speak of power and its structure in Cuba without considering its indissoluble relationship with the vicissitudes in the relationship between the governments of the United States and that of the largest island in the Caribbean. Likewise, it is important to evaluate the new economic and political subjects that operate below the public political mesh and that tend to be decisive everywhere.

The last few months have shown that the Island was not as sleepy as it was thought to be and that the new generations have less admiration and are less trusting towards politics, which gives them the possibility to demand and resist, in addition to not having lived the years of splendor of the epic and mystical socialist revolution.

The 2019 Constitution is paradoxical in much of its content, and I also think there are nuances of the power that wrote it. In it there is popular sovereignty, human rights, a single party, preponderance of the state enterprise, private property, consideration of foreign investment, and the irreversible nature of socialism.

All that amalgamation of values that sometimes conflict is a sample of the struggle for political power in a Cuba less monolithic than what is believed beyond the sea that surrounds us.

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Cuban Digital Marketing: Navigating New Digital Waters

By *María Lucía Expósito*



he digitization of society in Cuba has been increasingly spoken about in recent years as part of a broader digitization project at a national level that includes all sectors of the economy. This project has come to revolutionize the technology industry with the expansion of communications services and access to the Internet. The massive installation of base stations to improve range and mobile coverage, the incidence of Wi-Fi hotspots, navigation rooms, the Nauta Hogar service, and more recently – since December 2018 – the integration of mobile data services to the height of 4G technology finally changed the dynamics related to connecting to networks in Cuba. This digital scenario has also allowed for new, productive routines to flourish within the entrepreneurship sector.



Illustration: Wimar Vedería Fuentes

The scope – although still insufficient – of the increasingly affordable internet in Cuba was a necessary foundation for the emergence and growth of marketing agencies, advertising spaces, and communication groups in the private entrepreneurship sector. Before long, home-grown applications and made-in-Cuba digital solutions were being created, in addition to sites that specialize in news about technology, cinema, society, criticism, etc.

In an environment where there is already a competitive dynamic, there are established guidelines in digital marketing businesses regarding the type of clients who hire them, although their base mostly coincides with the promotion of products and services, as well as seeking growth on digital social networks. It is evident that the Cuban private sector grew during the last decade after the economic opening promoted by the government, and with it, a new type of corporate culture emerged: marketing and advertising.

Before long, home-grown applications and made-in-Cuba digital solutions were being created, in addition to sites that specialize in news about technology, cinema, society, criticism, etc.

Examples of these new ventures are Cuban agencies or companies such as **Light Vision**, **Gerbet Estudios**, **High Vista Promotions**, and **JYD Solutions**[RH1]. They are the leaders in terms of practices, organization, and work experience with large groups of clients.

A survey¹ [RH2] carried out in 2019 to a group of entrepreneurs by fourth-year journalism students from the Faculty of Communication at the University of Havana, shows that the Havana municipalities with the most business offices linked to digital marketing and advertising are Plaza de la Revolución, Playa, Marianao, and Old Havana.

¹ This survey is part of the final work for the class “Cuban Economy” as part of the journalism curriculum in its fourth year. The author of this work was one of the members of this project that was created from the data in the survey.

Another fact to consider from this survey is that the number of workers hired by these digital marketing agencies ranges between eight and twelve members. Of the total businesses contacted, 60% of these define themselves as digital solutions or service agencies in different areas: applications, web support, digital marketing, and IT.

In terms of time of existence, 40% started their companies less than two years ago, and these cases correspond to the increasing integration of technology and the new electronic payment facilities.

With these new connectivity options, to succeed in the Cuban entrepreneurial sector, having a page on Facebook, Instagram, and a WhatsApp Business account are almost imperative in the race for service sales and recognition. Similar to the idea of having mass networking groups on Telegram and WhatsApp is the idea of selling customer products instantly through these outbound channels.

According to the personal experience of David Tavares, co-founder, and current CEO of JYD Solutions, which has been active since September 2011 with more than 12 services, digital marketing is no longer foreign to Cubans despite its limitations. JYD, a name made up of the initials of its creators, has captured from its range of clients all types of interests including cinema, visual arts, and culture in its all-encompassing expression. This company specializes in advertising and SEO campaigns, image design, as well as in the development of digital structures with experience in the Cuban market. As a team, they are made up of designers, programmers, journalists, and communicators. Its main offerings include graphic design, web development, and mobile applications, as well as content management, both for the web and for social networks.

In terms of good news in the promotion of new teleworking practices in the wake of the Covid-19 pandemic, JYD initiated and carried out a digital campaign to promote the proper use of social networks, as well as to offer recommendations related to entrepreneurs, useful tools for working from home, and mes-

sages of social good. With those skills, the agency incorporated professional competencies to interact and engage with the entrepreneurial community in collaborative environments.

The history of High Vista dates to 2014. Their office continues as it did almost seven years ago in the capital's Vedado neighborhood, but it already has more than six types of business within the same agency: investments in cryptocurrency, remittances to Cuba, sales of houses, promotions on social networks, and the dissemination of content on messaging platforms. The average age of the High Vista (HV) team does not exceed 26 years and has the challenge of serving a greater number of clients with a wide diversity in their work content. For its founder and leader Roger Juaristi Guede, the time invested in this company has been a part of a personal project that has not stopped growing. HV currently manages more than 100 clients and owns the largest Facebook group platform in Cuba. In addition, they created Islagram, a social space for marketing, advertising, and classified ads that operates through Telegram with about 100 groups of approximately 600,000 members.

Other businesses or ventures that are representative of Cuban digital marketing are the "**Seo in Cuba**" team, a EBM multidisciplinary team focused on solutions for foreign companies with capital in Cuba, and the **Markecubano** site. All these projects also offer a portfolio of services that include web development packages, social networks, SEO, SEM, brand branding, and comprehensive design.

From a panoramic view of this varied ecosystem, the possibility of using a local network or intranet within work offices does not disappear. Currently, closed groups within Facebook, WhatsApp, Signal and Telegram are used for communication between members. Sometimes, there is the exception of adding a specific client who is given a voice in these virtual spaces. With the era of mobile data, calls via social networks have become more feasible, and as well as sharing multimedia information in real time among associate members.

Digital marketing in Cuba has laid its first foundations in cyberspace. Its uses and practices have evolved hand in hand with the technological changes that have arisen in the country and the increased training of professionals from university environments and from specialized workshops on the subject. This has generated an interesting environment in the need for hypermedia² and techno-social³ improvement on an Island that is navigating at a different pace through virtual waters.

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² The term hypermedia serves to designate the set of methods or procedures to write, design or compose content that integrates media such as text, image, video, audio, maps and other emerging information media in such a way that the result obtained, in addition, has the possibility to interact with users. Source: www.wikipedia.org/wiki/hipermedia

³ Contemporary concept that refers to an innovative development proposal based on the dissemination of solutions to essential problems.

State Startups: The Cuban Government Also Innovates

By **Sandra Madiedo Ruis**



A new campaign brings together more than 40 traditional Cuban ventures with the purpose of not overlooking “February 14” and supporting each other amidst the outbreak of COVID-19 in Havana. As part of this campaign, they create gifts that they deliver to homes and get paid through the Enzona or Transfermóvil apps, which have been decisive in accelerating the adoption of electronic payment for private and state services.

These state “*fintechs*” and other apps are examples of the “mobile first” approach **promoted by the Cuban state** due to the increase in mobile lines and subsequently internet access through mobile data (lxDm).



Illustration: Wimar Vederica Fuentes

Because of this, the state has developed various computerization projects from banking to telemedicine. For the latter and in the midst of the pandemic, Cuba has opted for self-survey apps for the population such as “**Pesquisador Virtual**” (Virtual Investigator) and **Pesquizactiva** 19, the official platform of the national epidemiology department of the Cuban Ministry of Public Health (MINSAP).

This has also occurred in the transport sector with apps such as **Viajando** to acquire and reimburse a bus ticket without having to travel to the Viajero and **La Guagua** agencies, in addition to knowing in real time the itinerary of the buses in certain locations.

As part of the **LexCuba project**, created by the Legal Informatics Research Group belonging to the Center for Electronic Government (CEGEL) at the University of Information Sciences (UCI), the m-government (mobile government) has been deployed, which allows a much more direct service to citizens through mobile apps. An example of this is the development several apps such as **iLexMinjus** for Cubans to access and request criminal records, wills, and declarations of heirs.

There are also other state apps that go beyond a specific use, such as Apklis—the **Cuban application store**—, **toDus** and **Picta**, an instant messaging app and a platform for disseminating audiovisual content, respectively.

In the **State Radiography Apps/Startups in Cuba** there is a systemization of 24 mobile applications from 2016 to present day which shows how the state sector innovates with solutions in various sectors from telemedicine to job searching. **The database** includes a search table with fields from the names of the institutions that created them.

This is all evidence of the stipulations outlined in the **Comprehensive Policy for Improving the Computerization of Society in Cuba**. Ratified in the **Decree Law 370**, it relates to the generation of services and digital content based on technological sovereignty promoting the “socialist state business as the main actor in this industry, together with the forms of non-state ownership and management.”

Can you consider some of these applications startups? Yes, and many of them also seek a sustainable, replicable, and scalable business model. Such is the case of **the digital platforms toDus, Picta, and Apklis**—since November 2020, they have been allowed to retain “five percent of payments made to individuals who market their goods or services on them by way of a Personal Income Tax on the account, which contributes to the State Budget.” This way, these state startups would not only be self-sustainable, but would also offer a path towards digital taxation for those who use them for commercial purposes.

Many of these apps and state startups are the result of the co-creation, both individually and together, of the industry-government-university triad. In the **registry of computer programs and applications**, state actors abound to the detriment of private ones in a scenario that seeks to “establish business

Many of these apps and state startups are the result of the co-creation, both individually and together, of the industry-government-university triad.

has obtained solutions to some of the problems Cubans have who lack advantages the state has, such as legal and tax support, as well as access to a national market, since in most cases when users use state apps, they do not infer the costs associated with the internet (it can be free of charge or accessed by using megabytes set aside for national websites).

Additionally, the state counts with mass dissemination in the media and access to spaces that support their insertion in society through alliances with the Ministry of Transportation or the Cuban Telecommunications Company (ETECSA).

We also witness a relatively fair competition between some state and private sector apps with similar purposes such as Apklis

models between telecommunications operator and the providers of computer services and applications in a way that stimulates the production of national digital content.”

While these startups advance, **the private sector**

and Cubapk; NCuba and the extinct **Qbola**; D'Taxi and **multiple variants of Cuban Ubers**. But in reality, this competition leaves the private sector unprotected by not fighting on an equal playing field.

How to achieve a balance between these two sectors is still a pending task.

If there is a path on which both state and private startups travel on equally new ground, it is that of data protection and privacy for citizens within the framework of responsibility for the content or services they offer. For example, in the case of apps where purchases are made, there has been no transparency in terms of where that data goes, or for how long it's collected. It turns out that Cuba still does not have a Data Protection Law, though it is expected to be ready by November of this year. How to achieve a balance between these two sectors is still a pending task. In Cuba, compliance was restricted to specific licenses, though the government recently notified it was **eliminating the previous list of 127 approved activities**, and the **National Classifier of Economic Activities (CNAE)** will be adopted, though illegal areas such as child labor and hunting and fishing prohibited species remain off the list.

With this announcement, 2021 will be a year of expectations and **obstacles for entrepreneurship**, but undoubtedly a boost for tech-based entrepreneurship, which is booming with several advances. Among them, the **creation of technology parks** and **The Foundation at the University of Havana**, where both forms of management are considered.

Sandra Madielo Ruiz is a journalist. She writes about entrepreneurship and technology and investigates how technology platforms impact society. She lives in Havana, Cuba.

A New Five-Year Period for Reform: The Economic Challenges of the New Generation of Cuban Leaders

By Ricardo Torres

The 8th congress of the Cuban Communist Party took place amid the worst economic crisis since the collapse of the Soviet Union. As expected, there were no novel initiatives related to the reform process beyond embracing, in general terms, the changes that were formally launched in 2011. These serve as limits to frame the transformation of the economic model. The beginning of a new political cycle is an appropriate time to assess outstanding debts.



nce the generational transition in the principal offices of the state has been ensured, what follows is economic reforms. The challenges facing the Cuban government are enormous and have only grown since 2011. After six decades of applying orthodox central planning (with some variations), Cuba is only surpassed by the former Soviet Union's model, which was similar and lasted 74 years.¹ But the USSR was a gigantic country, with infinite natural resources at its disposal, and it managed to create and sustain for more than four decades—with great limitations and contradictions—a community of states with similar orientations.

¹ North Korea is excluded from this comparison, because it is essentially an autarkic state, which adopted a very specific economic model based on the Juche ideology.



Illustration: Maikel Martínez

Since 1990, Cuba has not had any arrangement that provides comparable protection and compensation.² There is no space among equals for the Island in the world economy. If the following three elements are taken into consideration: the duration of the orthodox model, the absence of external relations with countries of a similar orientation, and the new challenges that derive from the evolution of international capitalism, it can be concluded that the Cuban government is navigating completely unexplored waters with no reference as to how to bring economic viability and social sustainability to its model.

The Cuban economy remains trapped on a path of low growth that has been further reduced in recent years.

Cuba faces additional obstacles. Latin America does not classify as an economically dynamic region. Since the 1980s, it has been on the periphery of the world economy. The growth rates of the regional benchmark, Chile, pale in comparison to its counterparts in Asia. Due to its own production structure and profile of international insertion, there is nothing comparable here to regional value chains, at least not with the conceptualization of this idea in Asia, Europe, or North America. The countries in this area appear more as competitors than as complementary economies. These adversities are notably reinforced by the United States' economic sanctions, which distort Cuban trade, increase costs, and erode the possibility of adequately exploiting the island's comparative advantages.

Domestically, Cuba is nothing like its Eastern European and Asian counterparts. It has neither the external financial support or the institutional reference of the former; nor the young, growing populations of the latter. In fact, quite the opposite. Its workforce began to contract in 2016, and the average age is steadily increasing. To make matters worse, the quality of basic

² Making abstraction of the role of Venezuela.

education has declined, and the proportion of the workforce in formal employment has plummeted since 2009, while emigration has risen, particularly among young people.

The trajectory of the last three decades is disturbing: increasing inequality, a lag in physical infrastructure, the loss of quality in public services, high emigration rates, increasing dependence on remittances to obtain foreign exchange, insufficient domestic food production, and the expansion of informal markets, among others. The economic crisis caused by the COVID-19 pandemic has clearly exposed the great vulnerabilities of the island's productive system. The Cuban economy remains trapped on a path of low growth that has been further reduced in recent years. The stagnation is now accompanied by greater macroeconomic instability. The fiscal deficit has been growing in recent years and is projected to reach 20 percent of GDP in 2021. Simultaneously, the public and external debts are growing. There are notable pressures on prices, and the domestic currency, the peso, depreciates in the informal market. The parallels with the first half of the 1990s are inevitable.

More than a serious, temporary recession resulting from a range of adverse events, Cuba has suffered for decades from a crisis in its development model. None of the features of its production system allow it to take advantage of the opportunities offered by the world economy, however scarce and asymmetrical they may be, nor do they allow the country to make sufficient profit on internal resources, such as investment in education, security, or natural resources. The lack of institutional coherence is such that, no longer referring to just the private or cooperative sector, even State companies do not operate under homogeneous rules. These are undoubtedly formidable challenges.

In Search of an Opportunity for Necessary Change

What Cuba shares with socialist, Asian countries (China, Vietnam, Laos) is an overlap of problems associated with development as with the reforms of a centrally planned economy. It was clear to reformists in those nations that economic de-

velopment could not wait for a change in the model. But they went a bit further, displaying legendary Asian pragmatism. The old model was an obstacle to development, and reforms became the vehicle for solving concrete problems in people's lives. The legitimacy of the communist party was threatened, not by a siege from the West nor the remnants of war, but by obvious economic failure.

The Cuban authorities have been careful to avoid generating high expectations. When the so-called “update (actualización)” process was launched, explanations were offered to distinguish it from the Eastern European “transition” and from Chinese or Vietnamese “reform.” What is reform? In the framework of this discussion, it can be understood as “... a type of deliberate policy measure that modifies the rules under which economic actors operate” (Naughton, 2018). Additionally, a “market-oriented” reform focuses on increasing competition in the different branches of the economy, either by eliminating barriers of entry to new competitors, or by establishing fair and transparent rules that govern and stimulate that competition. Under these criteria, Cuba's approach to reforms has been, to say the least, inconsistent.

There has been no “reform” in the strategic sense of the word. In fact, proposals have been implemented with countless restrictions and conditionalities, ultimately undermining not only their effectiveness, but also the credibility of the overall program, as well as the commitment of the authorities to both a domestic and international public. It is a “fragmentary and biased” process that has generated its own contradictions (Alonso & Vidal, 2020).

The nature of reform makes it difficult to implement for economic and political reasons. When it comes to radical change programs, it is common to generate great disruption and

Crises have the effect of increasing the opportunity cost of inaction and broadening bases of support for previously unthinkable paths.

instability in the short term while there is a delay in obtaining benefits. The “ordering (ordenamiento)” offers a good example of this intertemporal problem. Inflation and business losses are immediate, while any realignment that leads to productivity and efficiency gains will take time.

The political economy of reform is even more complex. The beneficiaries of the “status quo” are fully aware of the privileges at stake, while the potential winners are scattered and cannot determine with certainty the magnitude of the potential benefits. Processes of this nature take place in favor of young people, who are politically less seasoned and have less political influence (Naughton, 2018). The likely losers are well identified, have powerful investments at stake, and strong incentives to oppose change, while the reverse is true for those who can receive the benefits.

How to Assemble a Coalition to Advance Reform?

The 8th congress presents a new opportunity in this regard. With the arrival of a new generation to power, the rush to build and cement their reputation is a considerable incentive to try their own way. This is reinforced because they have precise time constraints to achieve the construction of their legacy. The law now imposes a maximum of two terms (10 years) for senior public offices. That period started in 2018.³ In addition, the interested sectors now have representation in the main decision-making bodies, especially in the Political Bureau.

A second aspect lies in the seriousness of the situation. The Island is going through a delicate economic moment. The combination Venezuela's decline, renewed hostility from the United States under the Trump administration, the COVID-19 pandemic, and its own inadequacies has produced the worst of forecasts. Insular GDP has contracted for two consecutive years. And the first quarter of 2021 has continued the negative streak.

³ If the mandate is restarted after the adoption of the new Constitution that formally created the new positions, then it would be from 2019.

This year's harvest is heading towards its worst result in more than a century, while tourism has failed to start the recovery. The local currency has lost value. Crises have the effect of increasing the opportunity cost of inaction and broaden bases of support for previously unthinkable paths.

It seems that the economic urgency can act as a catalyst. The limited progress of the last five years materialized mainly in July 2020 when mediated access to foreign trade was granted to the private and cooperative sector, the network of stores that commercialized goods and services in foreign currency was expanded, the monetary system implemented, a set of transformations announced in the agricultural sector, certain changes introduced linked to the state company, the scope of action of local governments in local development projects expanded, and an expansion of self-employment was announced that will work as a guideline for the adoption of SMEs and cooperatives. At the same time, decisions of diverse scope have been chained to favor foreign capital.

Another element in favor is the growing collaboration of the academic sector in policy design. One of the weaknesses of this process is the diminished institutional capacity within different government agencies. While academia cannot replace public officials, in the short term it can help inform decisions and provide a broader menu of options. Although collaboration is not without its formalities, and the impact is not equally beneficial in all cases, the recognizable nuances in various aspects of the authorities' public discourse indicate that there is a stronger influence from that sector. An additional step would be to consider promoting qualified academics to key technical positions.

However, the 8th Congress also made worrisome judgments about some areas that should be an organic part of a successful reform. Controversial considerations were issued on the expansion of private activity, a more relaxed state monopoly on foreign trade, the role of tourism as a key sector of the economy, and the participation of companies controlled by the military sector in productive activity. In all cases, the arguments outli-

ned only reflect a part of the broad social discussion on these issues. Worse still, they can be used as justifications to limit the scope of the transformations.

It also failed to unify a clear and concise message regarding the Party's primary objectives. Getting ahead amid so many challenges requires a compact statement in finding a new national unifying purpose. Advancing rapidly towards economic development and tangible improvement in the material standard of living of the population can be a good start. That is a message that resonates in contemporary Cuban society. It also helps clear doubts and second interpretations from members and officials. This statement must be supported by quantitative goals that are verifiable, transparent, and achievable in the medium term.

Final Thoughts

Official forecasts anticipate growth rates in 2021 and 2022 that would lead to an almost total recovery of output lost in 2019 and 2020. Even in this scenario, GDP per capita would only return to 2018 levels by 2023. The crises would have cost the Island five years of growth. The difficulty with these assumptions is that these projections are well above the forecasts for all Latin American countries except Panama. By comparison, scenarios for the Dominican Republic, which does not have access restrictions to the North American market or its visitors, foresee growth of 5 and 5.5 percent in 2021 and 2022.

The main obstacle is that to achieve this performance, which is almost unprecedented in the economic history of recent decades, a 180-degree turn in the pace and content of the reform would be required. If the last years are extrapolated, there is no evidence to justify such an event.

Finally, the size of the accumulated distortions is such that even consistent reform will generate severe imbalances in the initial moments before heading towards robust growth. The calculations carried out[4] indicate that the distortion of the Cuban productive structure towards the end of the eighties was greater than that of most of the socialist countries of Europe. Even if the positive effect derived from the reduction of the in-

dustrial establishment is discounted, postponing the restructuring of state-owned companies and the concentration of much of the trade under political agreements indicate that these distortions will continue to reproduce. Correcting this will inevitably take time.

The foregoing analysis suggests that even in the best of scenarios (excluding the lifting of all U.S. sanctions), Cuba is heading towards an unflattering decade in economic terms, accompanied by the reduction and accelerated aging of its population. There is no time to lose.

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Foreign Investment in Cuba: New Opportunities for the Private and Non-State Sectors

By **Aldo Álvarez**

Cualquier persona jurídica cubana, sea estatal o privada, podría conformar una asociación económica internacional o incluso una empresa mixta con un inversionista extranjero.



During the last twenty-five years in Cuba, foreign investment has been almost exclusively directed toward the state sector.

In accordance with the provisions of Law 77/1995 on foreign investment, the non-state sector could not be considered a domestic investor.¹ Subsequently, Law 118/2013 extended this definition to cover certain legal persons, namely cooperatives. However, this situation could soon change.

New regulations for the private sector will be published in September or October 2021,² so that private sector activity now occurring as de facto micro-, small-, and medium-sized enterprises (MSMEs) for the first time may be organized with the legal

¹ Law 77/1995, Article 2.n. "Inversionista Nacional: Empresa o Entidad Estatal con personalidad jurídica, sociedad anónima u otra persona jurídica..." <https://www.cubanet.org/wp-content/uploads/2015/10/Ley-No.77-de-1995.pdf>

² <http://mesaredonda.cubadebate.cu/mesa-redonda/2021/06/18/el-perfeccionamiento-de-la-empresa-estat-al-la-creacion-de-las-mipymes-y-otros-temas-economicos/>



form of Limited Liability Company. According to the criteria in the foreign investment regulations, these new private companies could become domestic investors *ipso facto*.

Moreover, the activity of state-owned enterprises serving as intermediators in the import/export sector for the non-state sector could also become applicable to the foreign investment sector. This would allow self-employed workers (*trabajadores por cuenta propia*) to receive foreign investment and have legal access to economic and capital flows from abroad, albeit indirectly, but with adequate guarantees, even if they do not choose to organize as MSMEs.

Domestic Investors: Non-State Sector Recipients of Foreign Investment

An analysis of the Cuban Foreign Investment Law and its regulations and norms, leads to the conclusion that the Cuban non-state sector could also qualify for foreign investment.

The definition of who qualifies as a domestic investor³ includes the following requirements:

- Legal person of Cuban nationality;
- Domiciled in Cuba;
- Participating as a shareholder in a joint venture; or
- As a party to an international economic association contract.

This means that any Cuban legal entity, whether state-owned or private, may submit an application to the Ministry of Foreign Trade and Foreign Investment (MINCEX) to form an international economic association or joint venture with a foreign investor. It is also possible that MINCEX will promulgate new regulations to address this new scenario as part of the legislative package planned for September–October 2021.

³ Ley N° 118/2014 “Ley de Inversión Extranjera”.- Artículo 2, apartado m. <https://www.gacetaoficial.gob.cu/es/ley-no-118-ley-de-la-inversion-extranjera#:~:text=%2D%20Esta%20Ley%20tiene%20por%20objeto,2.>

Currently, the non-state sector is made up of:

- The cooperative sector: agricultural and non-agricultural cooperatives (the “Cooperatives”).
- The private sector: Self-Employed Workers (the *trabajadores por cuenta propia* or TCPs).
- MSMEs (which are still in the process of obtaining legal recognition).

Cuban Cooperatives as Potential Domestic Investors

Cooperative property is recognized in the new Cuban Constitution as “supported by the collective work of its proprietary members and in the effective exercise of the principles of cooperativism.”^[4]

From a legal point of view, the cooperative sector has separate and distinct regulations by industry, as follows:

Agricultural sector. “An agricultural cooperative is an economic and social organization that is part of the agricultural and forestry production system; its general objective is the production of goods, primarily agricultural, and their commercialization; as well as the provision of services through collective management to satisfy social interests and the interests of the members of the cooperative.”^[5]

Other sectors. Non-agricultural sector. “A cooperative is an organization with economic and social objectives that is voluntarily constituted on the basis of the contribution of goods and rights and relies on the work of its members, whose general objective is the production of goods and the provision of services through collective management to satisfy social interests and the interests of the members.”^[6]

4 Constitution of the Republic of Cuba, Title II Economic Fundamentals, Article 22, Subsection b. <https://www.gacetaoficial.gob.cu/es/constitucion-de-la-republica-de-cuba-proclamada-el-10-de-abril-de-2019>

5 Decree-Law No. 365/2018 “De las Cooperativas Agropecuarias”.- Article 2. <https://www.gacetaoficial.gob.cu/es/decreto-ley-365-de-2018-de-consejo-de-estado>

6 Decree-Law No. 305 “De las Cooperativas No Agropecuarias”.- Article 1. <https://www.gacetaoficial.gob.cu/es/decreto-ley-305-de-2012-de-consejo-de-estado>

In both cases, cooperatives already meet the two requirements to be considered potential domestic investors: legal personality^[7] and a domicile in Cuba.

Consequently, agricultural cooperatives have been included in the Portfolio of Opportunities for Foreign Investment published by Cuba (Portfolio) since its 2016–2017 edition. Thus far, to my knowledge, no non-agricultural cooperatives have been included as a potential final recipient of foreign investment, or even as a participant in the foreign investment process.

The Portfolio documents^[8] establish some general rules to be applied in the event of foreign investment deals with agricultural cooperatives, including the consideration of their direct or indirect participation based on their relationship with the foreign party.

- *Indirect:* “a. Contractual relations between agricultural cooperatives and foreign investment modalities; or b. Contractual relations between agricultural cooperatives and state entities, the latter with foreign investment modalities.”

- *Direct:* “Direct participation occurs when agricultural cooperatives participate in foreign investment modalities”; that is, when they become the Cuban party to a contract for an international economic association (CAEI), and therefore a domestic investor.

A review of those projects included in the Portfolio reveals a considerable preference for indirect foreign investment through the foreign investor’s relationship with state-owned enterprises. In these cases, those enterprises would be considered domestic investors. However, based on the contemplated scenario, this does not necessarily need to be the case in the future.

7- Civil Code.- Artículo 39; Decree-Law 365/2018 “De las Cooperativas Agropecuarias”.- Article 3; Decree-Law No. 305 “De las Cooperativas No Agropecuarias”.- Article 2. <https://www.parlamentocubano.gob.cu/index.php/documento/codigo-civil/>

8 Portfolio of Opportunities for Foreign Investment (Editions 2016-2017; 2017-2018; 2018-2019), “Inversión extranjera con participación de cooperativas agropecuarias”. <https://www.minrex.gob.cu/index.php/site/data/?lang=es&location=Inversi%C3%B3n+Extranjera&title=Cartera+de+Oportunidades>

Cuba's Private Sector: Recognition of Legal Personality as a Prerequisite to be Considered a Domestic Investor

Self-employed workers (TCPs). Self-employment could be defined as “work that is not subordinate to the administration of a labor entity, but assumes the risks of that activity that it carries out independently, as it deems convenient and appropriate, with the elements and raw material necessary to carry it out.”^[9]

Considering that many Cuban TCPs are stable participants in the market and carry out a business activity with the intention of obtaining benefits, they should be treated as business owners. Further, since its revitalization in 2010, the TCPs have developed into a wide network of de facto MSMEs, despite the lack of due recognition as legal persons. This network has been, to date, a net generator of employment^[10] and is destined to satisfy, albeit on a complementary basis of the productive necessities and services in the country.^[11]



Photo: zedmariel.com

⁹ https://www.ecured.cu/Trabajador_por_cuenta_propia

¹⁰ <https://eltoque.com/trabajo-por-cuenta-propia-mas-empleo-y-mejores-salarios-cub>

¹¹ <https://www.presidencia.gob.cu/es/noticias/cuba-seguira-avanzando-en-el-desarrollo-de-las-formas-de-gestion-no-estatal-1/>

However, the legislature has not yet granted the Cuban private sector the ability to organize as independent legal entities. Acquiring such legal recognition would automatically allow them (unless expressly prohibited otherwise by regulation) to formally become domestic investors and, therefore, potential recipients of foreign investment in Cuba.

But not all entrepreneurs legally classified as self-employed workers will choose to become MSMEs. Some will maintain their current legal form as TCPs.

In those cases, a possible solution may be found in the import-export sector,^[12] in which state-owned enterprises are authorized to mediate relations between the TCPs and their potential international suppliers, in the case of imports, or their customers, in the case of exports. In the case of tapping foreign investment, the legislature could apply similar legal principles for relationships between TCPs and potential foreign investors. However, let us not speculate and await the publication of the new regulations.

MSMES

On June 2, 2021, the Cuban press announced that the Council of Ministers^[13] had approved the “improvement of the actors in the Cuban economy,” which included MSMEs.^[14] Then, on June 18th, it was announced that MSMEs would take the legal form of Limited Liability Companies.

Considering that many Cuban TCPs are stable participants in the market and carry out a business activity with the intention of obtaining benefits, they should be treated as business owners.

¹² <http://www.granma.cu/cuba/2020-07-24/publican-listado-empresas-autorizadas-a-realizar-servicios-de-comercio-exterior-al-sector-no-estatal>

¹³ <http://cuba.cu/politica/2021-06-02/consejo-de-ministros-aprueba-perfeccionar-la-empresa-estatal-socialista-las-cooperativas-no-agropecuarias-las-mipymes-y-el-tcp/56172>

¹⁴ Not only applicable to the private sector, but conceptually to all the sectors of the Cuban economy.

Taking that into account—and except for express regulation to the contrary that would not be in keeping with the current spirit and political will—MSMEs should be considered as domestic investors and should be able to tap foreign investment in the same way as other actors in the Cuban economy. In any case, the most appropriate thing would be to wait for the publication of the regulations on these issues, including the regulations detailing the involvement of MINCEX in this regard.

Closing Thoughts

According to the legislative schedule provided by the National Assembly and the Council of State^[15], both the Companies Law and the Commercial Companies Law must be published by July 2022, which, in addition to the aforementioned Decree-laws for Cooperatives, and regulations for TCPs and MSMEs, would complete the legal framework for the private sector and the non-state sector. According to a previous version of said timetable^[16], the next Foreign Investment Law is broadly scheduled for consideration sometime between 2023 and 2028. Therefore, we understand that the current Law 118/2013 must apply to this new regulatory scenario. MINCEX will face many challenges, such as responding to the need for faster and less complex approval processes for a private sector that is much more dynamic than the state sector, and which tends to establish many smaller operations instead of fewer large operations. In any case, there is no doubt that soon there will be new opportunities for foreign investment in Cuba and this time the private sector could be at the fore. We therefore recommend keeping up to date on these issues.

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¹⁵ <https://www.presidencia.gob.cu/es/noticias/cuba-seguira-avanzando-en-el-desarrollo-de-las-formas-de-gestion-no-estatal-1/>

¹⁶ <http://www.cubadebate.cu/especiales/2020/01/16/que-leyes-deben-aprobarse-durante-2020-en-cuba-infografias-y-video/>

Poverty and (un) Protection in the Cuban "Conjuncture"

By Ailynn Torres Santana

In 1990, during the closing of the V Congress of the Federation of Cuban Women, then-President Fidel Castro **said**: "We must be prepared for the worst circumstances (...) The general principle (...) I want you to know is that, at the very least, what we have will be distributed among all." There was applause in the room, and probably in many Cuban households—it was a welcomed announcement that confronting the crisis would be egalitarian and cooperative. To date, Cuba had been a fairly egalitarian country (Gini coefficient of 0.24) and with low poverty rates (6.6% of the population).^[1]

¹ Andrew Zimbalist y Claes Brundenius (1989) "Crecimiento con equidad en una perspectiva comparada", in Cuadernos de Nuestra América No 1

The government then did not implement a neoliberal package of adjustments, as many of the countries in crisis in the region had already done. **Social protection** circuits and equality zones (universal public health and education systems, basic food basket, pensions, etc.) were maintained. The State did not lose its role as coordinator, although it did deploy, de facto and without it being a formal program, strategies to cope with the crisis that modified the widening gaps in access to income and resources. Both poverty and the inequality index rose radically.

An important part of the strategies that allowed for daily life until that moment stopped working. The role of the state in ensuring well-being diminished. There was a profound heterogenization of society in terms of labor markets, income, and life support mechanisms. Resource redistribution policies and social protections also changed, sometimes in a protectionist sense and sometimes with unequal consequences. There were also changes to family and demographic formats, to external emigration processes and remittances, and to internal migration patterns. The commercial and financial blockade that the US government has deployed since 1962 to the present intensified. This shaped the available (im)possibilities to face the crisis.

The socio-class structure was transformed during the 90s, and the profile for poverty and/or at risk of suffering was consolidated and continues today: women in general; single mothers and/or heads of household, or with dependents in charge; the elderly living alone without family support; Black and mestizo populations; state workers with low-skilled occupations; internal migrants in precarious settlements; and stationary rural workers.^[2] The crisis that began in the 90s has evolved along with others of a different nature and affect the island today.

² Peña, Á. (2017) "Regímenes de bienestar en Cuba: Notas para una discusión." In *Debates actuales sobre política social: Cuba en el contexto de América Latina y el Caribe*, compiled by María del Carmen Zabala, 142–158. La Habana: FLACSO-Cuba/Fundación Friedrich Ebert.

"The Conjuncture"

In 2010, the country's situation was not that of the 90s, but there was still a crisis. The following year, the **Economic and Social Policy Guidelines** were created, debated, and approved. In 2011, the political leadership affirmed, in the style of the egalitarian narrative, that "in Cuba, **no one would be left helpless.**" In 2019 the situation was worse than in 2011 and former President Raúl Castro **affirmed** that although it would not be the same as in the 90s, "the situation could get worse."

Since the beginning of 2020, the COVID-19 pandemic has made everything worse. The *Tarea Ordenamiento* ("Organizing Task" or "OT") policy was implemented in this context, which adopted some of the Guideline's economic reforms, and proposed new ones. It produced the monetary and exchange unification of the two currencies that until then were operative in the country. The policy hoped to alleviate the distortions of the national economy and avoid asphyxiation from the United States. With the prior experience of the 90s, the decade between the *Lineamientos* ("Guidelines") to the OT defines the Cuban "conjuncture," during which political leaders have continued to affirm that **no one would be left helpless.**

The question of helplessness does only belong to the grammar of institutional politics. It is also used in the language of the social sciences, which has classified poverty in Cuba as "**poverty with protection.**" Thus, attention was drawn to the existence of social policies that protect impoverished groups, the framework of equality and social justice that continues to operate, and the persistence equality zones. As the crisis erodes life support, deepens uncertainty, and **transforms social protection policies**, the "poverty with protection" framework would have to be revised.

There are no recent official data on poverty in Cuba. The latest figure is from the early 2000s and reported 20% urban po-

3 Ferriol, Á. (2004), "Política social y desarrollo", *Política social y reformas estructurales: Cuba a principios del siglo XXI (LC/L.2091)*, E. Álvarez y J. Mattar (eds.), México D.F., Economic Commission for Latin America and the Caribbean (CEPAL). Published by the United Nations.

verty.^[3] More recently, the **report on Cuba referring to the implementation of the 2030 agenda** argued that the poverty line, unsatisfied basic needs, or fixed daily amounts in USD measurements are invalid because the different levels of monetary income do not deprive access to basic services, many of which are universal and free or subsidized. This makes another type of calculation more feasible. In 2020, a **multidimensional poverty incidence** of 0.4 percent of the population was estimated.^[4]

This analysis reveals areas of truth, but obscures others. Indeed, there are social policies in Cuba that are not directly dependent on income, such as health and education, but their use increasingly depends on family income. For example, taking advantage of the same health and education policies depends on the ability to: reach schools or hospitals if one lives far away from them; secure appropriate clothing and shoes; school snacks and lunches; food to complement what is offered at hospitals; or even buying increasingly scarce medicines. At the same time, over the last three decades there has been an increase in the commercialization of access to basic needs due to the reduction of subsidies, the increase in the cost of public services of electricity, water, etc. and, in general, the cost of living. For these reasons, sufficient income is imperative. Its absence implies the risk of impoverishment and the worsening of poverty where it is already installed. At the same time, there has been a **general deterioration in social policies** and a deterioration in real wages.

There are social policies in Cuba that are not directly dependent on income, such as health and education, but their use increasingly depends on resource accessibility.

4 The calculation is from 2017 and takes into consideration the following variables: nutrition, child mortality, years of schooling, assistance in school, gas for cooking, sanitation, drinking water, electricity, housing, and assets.

There are social policies in Cuba that are not directly dependent on income, such as health and education, but their use increasingly depends on resource accessibility.

Anaya and García (2018) show that families that depended on an average salary or an average salary and pension in 2016 would not be able to afford the basic expenses to sustain their life. Using prices from that year as references, and incorporating the consumption of foods such as vegetables, fruits, dairy products and edible fats, a family of three would need more than two salaries to cover their basic expenses. After analyzing the economic reform process, these authors concluded that "a considerable part of state employees have seen the purchasing power of their salaries systematically deteriorate," and the same for those who receive pensions.^[5]

The fall in real capacity of the state average salary and average pension, despite its nominal rise, has been fundamental during the reform. Between 2007 and 2019, salaries increased 1.9 times, though that did not mean the same for everyone. There were important variations depending on the sector of the economy, the business and budgeted sectors, and also between the provinces: the eastern provinces, and especially Guantánamo, have the lowest average salary. In addition, the wage policy continues without responding to consumer needs since the national currency has only reduced its purchasing power and the price of the basic basket has risen. If in the 1980s state wages represented 80% of income, in 2016 they represented approximately 46%,^[6] and 71% of a household's income would have to be

5 Anaya, B. y García, A.E. (2018) "Gastos básicos de las familias cubanas urbanas dependientes de salarios y pensiones: dinámica reciente", in Anaya, B. y Díaz, I., *Economía Cubana, entre cambios y desafíos*, Center for the Study of the Cuban Economy / Friedrich Ebert Foundation / Cuban Institute of Cultural Research Juan Mraínello, Havana.

6 Echevarría, D. (2021) "Dimensión social del desarrollo humano local: empleo y salarios", en PNUD/CIEM, *Informe Nacional de Desarrollo Humano – Cuba 2019. Ascenso a la raíz. La perspectiva local del desarrollo humano en Cuba*, PNUD/CIEM, Havana.

7 Taking as a reference the consumption of 3,524 per day. Anaya, B. y García, A.E., *op.cit.*

dedicated to food.^[7] **The result has been a decrease in individual and family income.**

During the OT, a new salary reform was created which based its calculation for the minimum salary on the Bas-

ket of Reference Goods and Services. In dissonance with official calculations and considering variables such as the cost of shortages, **economists have calculated** that in order to satisfy basic needs, the minimum wage should have been increased 11 times and that, to cushion the new prices, the average growth of wages should have been 8.42 times greater, at least. However, salaries **grew** 9.6 times in the business sector and 3.9 times in the budgeted one. The OT is further reducing the purchasing power of state wages, a process that started before its implementation.^[8] For this reason, the risk of impoverishment or the intensity of poverty of those who are already in this condition increases.

But the foregoing must be analyzed in relation to another matter: diversifying income sources. The heterogenization of the labor markets has had an important weight in this,^[9] which has changed the employment map in **several ways**: a) a drastic decrease, of 10 percentage points, in the economic activity rate in the decade from the Guidelines to the OT, b) a decrease in state employment by more than 1 million workers; c) the growth of Self-Employed Work (TCP) that welcomed part but not all of the workforce that left the state sector; d) due to all of the above, probable growth of the informal labor sector, although

During more than a decade of reforms, social spending has decreased proportionally with respect to the state budget and the Gross Domestic Product.

8 Echevarría, *op.cit.*

9 Remittances also influence the heterogenization of sources of income.

10 Echevarría, *op.cit.*

11 Salary protections for state workers, mothers who are state workers with children, job relocations with salary protections, unpaid licenses, etc.

there are no official figures on this; e) a probable increase in real unemployment, which had already grown in the last decade and affected women more;^[10] and f) a probable loss of own income for many people.

The pandemic, which has been both conditioned by and has conditioned the OT, has also changed the world of employment. Those who participate in the state sector (about 70% of the Economically Active Population) have been the subject of protective policies,^[11] but the private sector has dramatically narrowed due to the decline in tourism and, in general, the loss of income for individuals and families. In February 2021, 45.5% of all people with licenses in the private sector had suspended them. It is likely that a significant part of them have been hired as contract workers, an activity which mainly engages women in the sector. An important part of those who are employed in the TCP have lost their income, do not have unemployment insurance, and today live on savings or have joined an informal sector that could also be precarious because shortages continue escalating. Both state and private employment in this situation is scarce and insufficient. Those at risk of poverty could qualify for social assistance, but it has narrowed considerably during the long "conjuncture" period.

During more than a decade of reforms, social spending has decreased proportionally with respect to the state budget and the Gross Domestic Product. For impoverished groups, the State continues to implement monetary and non-monetary protection programs.^[12] However, there is evidence of a reduction in Social Assistance expenses. Between 2006 and 2018, budget spending allocated to social assistance contracted two percentage points (from 2.2% to 0.3%), while the number of assistance

12 For example: "National program for community social services for late adults," "Social work program for mother with children with severe disabilities," "Program for social attention and integration in the community for people with disabilities," "Programs for children with social disadvantages."

13 Mesa-Lago, C. (2020) "Impacto del envejecimiento en la protección social en Cuba", in Acosta, E., *Crisis de cuidados. Envejecimiento y políticas de bienestar en Cuba*, Sergio Arboleda University, School of Politics and International Relations, Bogotá.

beneficiaries as a proportion of the population decreased by almost four points (from 5.3% to 1.6%).^[13]

During the pandemic and OT, as of April 2020, protection measures such as temporary monetary benefits for social assistance were implemented for people aged 65 and for family nuclei or people considered vulnerable, but they have been highly insufficient. Social assistance pensions are extremely low and are far from ensuring a basic basket of goods and services. Pensions have further lost their value.

The risk of impoverishment and worsening poverty escalate if we consider the segmentation of the supply of basic products that has come with the OT and the pandemic. Among the first measures implemented in mid-July 2020 were the elimination of the USD tax and the opening of foreign currency stores for those who had access to them, mainly through remittances or other means. Those that began as establishments for the sale of medium and high-end products, have become stores of basic necessities that are not available or are very scarce in national currency markets. Sustaining life is, at least in part, at the expense of the availability of foreign currency.

In June 2021, a new measure was implemented. While this measure is supposed to be temporary, it prevents cash deposits of USD in national banks to recharge cards with foreign currency, which is the only way to buy in these establishments. This, together with the fact that the channels for sending remittances have been considerably restricted due to the United States government's financial blockade of Cuba, have once again disrupted family planning.

The situation described above increases the risk of impoverishment or the exacerbation of poverty and reaffirms the poverty profile that was commented before:

1. Women in general, who **continue to be less likely to participate** in labor markets: by 2020 almost one in two women did not have a formal job in the country. One of the determining factors of this may be the **gender divide within employment** that continues to make them responsible for

the maintenance of households, carrying out more **unpaid domestic and care work** in the face of the **shortage of care services** for minors, the elderly, the sickly, or those who are disabled or with special needs.

2. Women previously **employed in the private sector**, most of whom were or are hired and may be at greater risk of poverty due to the crisis when they lost their jobs.
3. Women heads of households, who have grown in number in recent years and will continue to do so. In 2012, only 39.17% of female heads of household had a job. Currently, this number could be higher and have more precariousness.
4. Women in rural areas, who have low labor ties: they are 46.3% of the rural population and 26.1% of the economically active rural population^[14] and often carry out domestic work without remuneration.^[15]
5. Trans people, one of the most precarious groups, have extremely low rates of labor participation, a high presence in the **sex work** sector and are subject **to discrimination and social and economic exclusion**.
6. Pensioners. The nominal increases in pensions in recent years, including during the OT, have not dampened the loss of purchasing power of pensions or the decrease in the average pension / average salary correlation, which is more serious in the eastern provinces, where the average salary is lower.^[16]
7. Elderly people without income. National surveys and qualitative studies have shown this group lacking in income, especially those who do not receive remittances. Linked to this are their mobility difficulties (access to homes on upper floors without a lift, etc.), the state of their homes and the

¹⁴ Lara, T. (2021) "La equidad de género. Avances y desafíos", in PNUD/CIEM, *op.cit.*

¹⁵ Hidalgo, V. y León, R. (2021) "Familia, trabajo y ruralidad en el contexto cubano: Configuraciones y realidades", in *Estudios del Desarrollo Social: Cuba y América Latina*, Vol. 9, No. 1, January-April.

¹⁶ Munster, B. (2021) "Dimensión social del desarrollo humano local", en PNUD/CIEM, *op.cit.*

¹⁷ Acosta, E. y Baquero, S.A. (2020) "Radiografía del envejecimiento poblacional en Cuba: desigualdades acumuladas y nuevas vulnerabilidades", en Acosta, *op.cit.*

lack of access to basic services such as drinking water (31% of elderly people who live alone have a deficit in this service, for example) are other elements that affect the precariousness of this group.^[17]

8. Internal migrants. Above all, those who are in an irregular situation or have high degrees of precariousness from the point of view of housing and economic resources and who are overrepresented within the at risk/impooverished population. In addition, **internal migration in Cuba** is largely feminine, and this leads to a greater possibility of informal work without rights. They maintain high degrees of dependency as they must send remittances and consumer goods to family members that reside in their places of origin.^[18]
9. Black and mestizo people, who are overrepresented in impoverished groups and suffer **inequalities** that are expressed in the socio-labor structure (little presence in the emerging private sector, especially the one with high profitability, for example), economic income alternatives (less access to remittances) and in the occupation of urban space and housing (worse housing conditions).^[19] In addition, a correlation between **skin color, gender, and heads of household has been proven, which reinforces the impoverishment of Black and mestizo heads of households**. They are also more likely to have **teenage pregnancies. Black and mestizo women**, as well as women from the eastern region, generally experience greater disadvantages.

The current crisis situation, during a pandemic and with the OT in place, increases the risk of impoverishment, especially, though not exclusively, for these groups. Therefore, the commitment to comprehensive, real, and effective justice needs to be at the center of the agenda. However, the **political conversation** seems to be heading more insistently in other directions

¹⁸ Hidalgo, V. y León, R., *op.cit.*

¹⁹ Zabala, M.C. (2021) "Los estudios de las desigualdades por color de la piel en Cuba: 2008-2018", in *Estudios del Desarrollo Social: Cuba y América Latina*, Vol. 9, No. 1, January-April.

and consolidating a turn that **analysts have verified** in recent years: from a state-centric and non-mercantile welfare regime, to a family-oriented one with greater market space, where people are increasingly dependent on families and their earning capacity. The conversation about poverty and sustaining life, without euphemisms, needs to be repositioned at the center of politics.

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Cuban Agriculture: Strategic but Inert

By **Miriam Leiva**



ne of the many existing theories about the origin of the name "Cuba" refers to a word from the natives of the island that meant "cultivated

land." Although we are not sure that this is correct, we do know that the immense possibilities for agriculture, together with an excellent climate and a good geographical position, marked the value of a Caribbean Island that otherwise lacked great natural resources.

Throughout Cuban history, the development of agriculture retained a position of special interest. Since the colonial era, the island became the largest producer of sugar cane in the world, a trend that increased during a large part of the republican years. Perhaps because of this, anyone would have thought that after the supposed return of the land to its "owners," the nascent revolution would focus on the development of one of the island's main riches. But was it so?



Illustration: Maikel Martínez

Today, 529 years after Cuba was discovered, and after 61 years of land mismanagement, Cuban agriculture faces one of its worst crises marked by a chronic inability to produce food. It is in this context that the government has announced the application of 63 measures with the aim of rescuing an agricultural system that, although recognized as strategic, lies inert before our eyes. Seven groups of stakeholders, among which are agricultural executives, experts, academics, and prominent producers, were consulted in their formulation.

The measures have been described by the current minister of agriculture, Ydael Pérez, as “(...) unprecedented in Cuban agriculture (...)”. They include initiatives such as an agricultural development bank, insurance expansion, the repeal of some of the old “obstacles,” and the legalization of trade of meat and bovine milk. Additionally, some restructuring carried out in the Ministry of Agriculture (MINAG) and in the cooperatives stand out, as well as a certain level of autonomy placed in the hands of state companies, provincial governments, and their local executives. Finally, the creation of an Innovation Committee and other new institutions are also notable and aim to achieve the long-awaited increase in production that Cuban President Miguel Díaz-Canel spoke about.

These measures could be considered the prelude to “changing the way of thinking,” as the head of agriculture pointed out. However, and despite the high expectations generated by this supposed call for change, the results of these measures do not satisfy the expectations of the people and especially those of farmers, who lack decision making freedom.

A real change, which is becoming more and more necessary, should begin with profound transformations in MINAG, not

Despite the high expectations generated by this supposed call for change, the results of these measures do not satisfy the expectations of the people and especially those of farmers, who lack decision-making freedom.

just superficial ones. Transformations that encompass management chain cadres, intermediaries, and the producers themselves, but above all, that revolutionize the state enterprise system, where the greatest inefficiencies in production and marketing are found. It won't be until then that we reach the goal of substituting imports and building a sustainable offer, which Prime Minister Manuel Marrero Cruz spoke about on May 10 during the meeting to present this document.

So, one wonders, under what conditions are these measures announced?

The *Tarea Ordenamiento* (or "Organizing Task" or "OT") was introduced on January 1st, 2021, a process promoted by the Cuban Government which is trying to save the island's economy through monetary and exchange rate unification, income reform, and the elimination of excessive subsidies, among others. The O.T. shocked Cuban farmers with the low prices attributed to their production in relation to the high costs of necessary supplies and services. As is to be expected, this combination was terribly inefficient and as a consequence discouraged production. In the middle of this scenario, the government adjusted electricity and water rates, agricultural aviation, and others, in some cases at the expense of the state budget. But did it solve the problem?

The answer is, no, it did not. The fundamental objective of the new export and import capabilities (which must be done through state foreign trade companies) and the offers of agricultural inputs, tractors, and other equipment in stores that sell in Freely Convertible Currencies (dollars, euros, etc.) was to motivate farmers to invest, but it is unlikely they will carry out bold ventures without having guarantees of returns on their investments or that their profits will be respected. Let us not forget that the Constitution itself stipulates the limits for the accumulation of wealth in non-state hands.

Stubborn Problems

There are many problems to be solved in this attempt to revive Cuba's inert agricultural system. The deputy prime minister him-

self, Jorge Luis Tapia Fonseca, pointed out some of the principal ones in his April 14th speech on the *Mesa Redonda* radio and television program. In said meeting, Tapia referred to overburdened agricultural structures; the non-separation of state functions from business ones; an excess of intermediaries outside of production which increase costs; low productivity; the little use of science and technology; and the deficiencies in land use and tenure.

However, these are not the only problems that affect the agricultural sector; the current food crisis in Cuba is nothing new, it is more like an aggravated phenomenon with deep roots. Farmers have always had to plant what was established by the authorities instead of the market. As if that were not enough, they have to allocate most of their crops for the so-called state quota at the centralized price set by the government, or for the local level at the decentralized price, which is supposed to be agreed upon on a monthly basis. Added to this are the price caps, forced sales to inefficient state storage entities, and the accumulation of debt by private producers and cooperatives, who have to collaborate with companies controlled by the Ministry of Agriculture as the only alternative for profiting from their production.

Nor can we forget the labor force shortage caused by migration from the countryside to the cities. A phenomenon that is the result of harsh working conditions, low economic benefits, little housing construction, limitations in the public service network, and an aging population.

Although at present the need for adequate agreements and contract fulfillments has been recognized, and measures have been adopted that seek to mitigate these problems and achieve the return of young people to family lands, as well as to stimulate usufructuaries, we must consider that the solution will not come in the short term.

The Land

Cuba has 10,400,000 hectares of land of which 6,400,755 are used for agriculture (58%), of which 3,120,926 are cultivated (49%), and 7.2% are under irrigation. Cooperatives and the private sec-

tor manage 4,672,551 (73%) and the state sector manages 1,728,204 (27%). Of the soils, 70% have a low content of organic matter; 20% are very productive or productive and the remaining 70% yield low productivity due to salinity, erosion, and low fertility. The 2020-2021 Zafra bordered 807,742 tons of sugar, of which some 400,000 are committed to China, while the rest will be dedicated (presumably insufficiently) to supplying the rationing system for the population. Thus, being once the largest exporter of sugar in the world, it will have to import it (again) and at a time when world market prices seem excessive for the empty coffers of the state.

Yet, the subsidies for the four products considered strategic remain: rice, corn for animal feed, industrial tomato, and robust coffee. The prices of wet paddy rice, black beans, live pigs, potatoes, and chicken eggs will continue to be fixed at the central level, while the rest will be determined by local governments, as has been officially announced. Rice production also fell sharply due to cuts in fuel and some of the essential fertilizers such as urea despite a special program implemented for sustained growth, and the collaboration of Viet Nam and Japan for their contribution of modern techniques and equipment.

In the cold and spring harvests of this year, several crops were affected considerably due to a deficit of fuel, fertilizers, and other resources. The 43,500-hectare bean plan was readjusted to 23,800, which will not cover the rationing fee. As for the planting of root crops, expectations were fulfilled, but the production of garlic fell short at 68%, peppers at 76%, cabbage at 77%, Chinese cabbage at 38%, and carrots at 48%. According to reports from Granma (May 25), the spring planting of bananas was also affected by the lack of fertilizer, although according to the newspaper, it could recover with favorable levels of rain.

The Livestock

The total number of cattle is 3,817,000, of which 552,900 are state owned and 3,264,800 are privately owned. There is a distribution in both sectors of 328,300 in Basic Units of Cooperative Production (UBPC), of 118,400 in Cooperativa de Producción

Agropecuaria (CPA) and about 2,818 100 in private farms, according to the ONEI Statistical Yearbook 2019. It is interesting that the exact real amount is unknown due to the “loans” between the entities before inspections by state authorities. In addition, the sustained decrease in deaths caused by lack of food, water, among other causes, is evident. The government has recognized the impossibility of recovering livestock in the short term, due to the loss and high economic investment that would be essential. Currently, small livestock breeding is being encouraged, which is very incipient.

The procedures for the slaughter, consumption, and commercialization of bovine meat, and for the commercialization of fresh cow, buffalo and goat milk and their derivatives, were contemplated in Resolutions No. 139 / 2021 and No. 140 / 2021 of the MINAG, which came into force on June 4 and surprised everyone by recognizing property rights. This is intended to update the more than 42 years of persecution, fines, and jailing of cattle owners.

In accordance with the above, a farmer is allowed to slaughter for consumption and sale one animal out of three that increases in the herd. This would mean a yearling calf, a young bull, and an adult bull, in addition to females that are not suitable for reproduction. All of this must be done with prior certification from the competent authority. For this, the farmer must be registered in the Land and Livestock Control Registry and have fulfilled the commitments of the state commission. Applications for authorization are submitted to the municipal delegations of Agriculture, and the slaughters must be carried out in local, municipal slaughterhouses. The owners will be able to sell in the slaughterhouse, within the specialized network approved by municipal governments, at tourism entities, within a network of stores, the markets in freely convertible currency, the Mariel Special Development Zone, and other authorized destinations. As for the commercialization of fresh milk from cows, buffaloes, goats and their derivatives, the prices are established by the Council of Ministers. Dairy and retail companies can contract directly for the sale.

Hired cow milk producers, who cannot deliver fresh milk due to the distance between the place of production and where it is collected, will be able to convert it into cheese. The producers will contract goat and buffalo milk with the Dairy Company to cover special diets, according to the needs of the territory. This commercialization can be carried out in tourism entities, a network of stores, the markets in freely convertible currency (MLC), the Mariel Special Development Zone, and others authorized for this purpose.

The Agricultural Cooperatives

The former minister of agriculture, Gustavo Rodríguez Rollero, “rescued” some 3,220 agricultural cooperatives with an unfavorable economic situation, which represents 66% of the existing ones, as explained in a videoconference with the provincial and municipal delegates of the sector held on March 1st. According to Rodríguez Rollero, complex situations exist with the members of the Boards of Directors and cooperatives of 74% of Credit and Service Cooperatives (CCS), 67% of Agricultural Production Cooperatives (CPA) and 54% of the United Basic Cooperative Production (UBPC).

With the aim of “rescuing” these cooperatives, a Temporary Work Group (GTT) was created, made up of provincial and municipal groups and subgroups, as well as representatives of organizations and institutions related to the operation of these productive structures, in addition to universities and research centers. This group will determine the measures deployed to rescue, strengthen, and consolidate the results of the cooperatives’ work, or decide their dissolution in the cases that they consider pertinent.

State Agricultural Enterprises State-owned companies only manage 27% of the land and generate 22% of production. As can be seen, the numbers by themselves do not justify their existence. However, the government continues to bet on the socialist state enterprise, and for this it has identified 54 measures and demanded proactive behavior on their part.

On this subject, the Prime Minister, Manuel Marrero, stressed that they will not continue to support and much less increase state companies so that they live off of the producers. The premier added that “the improvement has to be real, it cannot be superficial with some changes; each change has to be aimed at producing more food (...) to achieve prosperous, efficient companies with stimulated workers.”

Conclusions:

The crisis in Cuban agriculture is serious, and the solutions to its main problems—lack of production, little application of science and technology, low stimulation of the productive forces, etc.—need the immediate commitment of all its actors.

The 63 measures recently announced are still insufficient, since they do not completely eliminate the Cuban farmers’ lack of decision-making freedom; however, these are the prelude to future changes.

The current government has before it the responsibility of pulling Cuba off the cliff, amidst the adversities imposed by the United States sanctions and the Covid-19 pandemic, which demands a true openness to citizen participation and creativity from all Cubans.

Miriam Leiva is an independent journalist.

Remittances to Cuba: a U.S. Policy Explainer

By Matthew D. Aho



Cuban Americans have long relied on U.S. rules authorizing family remittances to provide **support to their relatives** in Cuba. While the need for such support during the ongoing global pandemic and economic crisis in Cuba has never been greater, new sanctions imposed during the final weeks of the Trump presidency resulted in the de facto closure of nearly all formal U.S. remittance channels to Cuba.

To **justify those moves**, the Trump Administration's public comments focused on the involvement in remittance-related payments processing of two Cuban remittance companies and several other **Cuban financial institutions** that it alleged fall under the control of Cuba's armed forces. That determination,



Photo: International Business Times

it concluded, warranted the inclusion of those Cuban entities on a U.S. State Department list that restricts American businesses from transacting business with certain Cuban government aligned-companies (“Cuba Restricted List—CRL”). As a result, the largest U.S. provider of remittance services, Western Union, announced in November 2020 that it was **suspending money transfers to Cuba**. Several smaller providers subsequently followed suit.

The tightening of U.S. sanctions on family remittances, coupled with insufficient transparency regarding how Cuba handles remittance processing and recent structural reforms in the Cuban economy have led to confusion among U.S. policy makers, banks, remittance processing companies and consumers regarding remittances to Cuba. In particular, prominent, public figures have cited alleged high fees imposed by Cuban remittance processing companies—ranging from 10 to 20 percent—as “confiscatory” and policy grounds to restrict remittance flows to Cuba.

In fact, recent such public comments and media reports suggesting that the Cuban government takes up to 20 percent of all in-bound remittances are exaggerated and outdated. While such fees historically totaled up to 10 percent of the total remittance amount, by October 2020 those fees had dropped to less than 5 percent of the average remittance transfer of roughly \$250.

This FAQ-style explainer attempts to provide U.S. policy makers and other stakeholders with accurate, credible information about how remittance processing to Cuba actually works so that policy adjustments can be made, if necessary, to support the Cuban people.

What is the current “state of play” of U.S. remittances to Cuba?

U.S. law currently authorizes persons subject to U.S. jurisdiction to make remittances to nationals of Cuba who are close relatives of the remitter, provided that the remitter’s total family remittances to any one Cuban national do not exceed \$1,000 in any consecutive three-month period.

Americans are also authorized to make remittances to certain individuals and independent non-governmental organizations in

Cuba that encourage the development and operation of private businesses in Cuba and to certain civil society groups and individuals, including pro-democracy groups and civil society groups. Recipients cannot be a prohibited official of the Government of Cuba or a prohibited member of the Cuban Communist Party.

U.S. law also authorizes U.S. companies to provide services in connection with the sending of authorized remittances to Cuba.

However, despite these authorizations, longstanding formal remittance channels are effectively closed.

If Americans can send remittances to Cuba and U.S. companies can provide remittance forwarding services, why are remittance channels closed?

Notwithstanding rules that authorize Americans to send certain remittances to Cuba and allow U.S. companies to provide remittance processing services, in 2020 the Trump Administration added several Cuban remittance processing companies to the Cuba Restricted List and, effective November 26, 2020, barred American companies from doing business with those companies. So, while U.S. remittance forwarders are still technically authorized to send money transfers, there is at present no authorized Cuban counterpart to receive and payout those transfers to Cuban recipients.

How much money are we talking about?

Precise figures are not publicly available, but annual cash remittance flows from the United States to Cuba prior to Trump-era sanctions were estimated at roughly \$3 billion per year.

Is this a new problem, or have things always been like this?

The problem is new.

While such fees historically totaled up to 10 percent of the total remittance amount, by October 2020 those fees had dropped to less than 5 percent of the average remittance transfer of roughly \$250.

President Biden can enact policies to reopen formal remittance channels to Cuba through executive action. Congressional action is not required.

While past administrations have enacted changes to Cuba remittance policies that align with their particular policy preferences, formal remittance channels have operated nearly continuously since the 1990's.

Why did the Trump Administration add Cuban remittance companies to the Cuba Restricted List?

The Cuba Restricted List was created 2017 as a way to restrict American travelers and U.S. companies engaged in otherwise lawful travel or business activity in Cuba from transacting with specific entities and sub entities that the State Department deems are under the control of, or acting for or on behalf of, the Cuban military, intelligence, or security services and with which the State Department believes financial transactions would disproportionately benefit such services at the expense of the Cuban people or private enterprise in Cuba.

The addition of Cuban remittance processing companies to the Cuba Restricted List in 2020 suggests the Trump Administration determined that those entities are under the control of the Cuban military and that any fees or commissions charged by those companies in connection with remittance processing would disproportionately benefit the Cuban military at the expense of the Cuban people or private enterprise in Cuba.

So, the Trump Administration shut down remittances to the Cuban people over concerns about fees and commissions charged by Cuban companies in connection with remittances?

Yes.

The Trump Administration contended that its goal was not to “shut down” remittances to Cuba, but, rather, was to remove companies with alleged ties to the Cuban military from any in-

volvement in remittance processing. However, the end result has been a *de facto* shutdown of formal remittances.

Is there really no way for Cuban Americans to send money to their families in Cuba?

Formal remittance channels are effectively closed, although some smaller remittance providers seem to offer some limited services. Anecdotal reports indicate that many Americans who need to send money to relatives in Cuba are resorting to informal couriers (so-called *mulas*—mules), who charge fees to physically shuttle currency to Cuba as accompanying baggage. Such services are reportedly awfully expensive and have been heavily impacted by the drop off in air travel due to the pandemic. There are also reports of Americans attempting to use cash transfer companies or informal providers abroad, and even cryptocurrency, to send remittances.

Why doesn't Cuba designate another company that is not on the Cuba Restricted List to process remittances?

Officially, the Cuban government does not recognize the Cuba Restricted List as a legitimate tool of U.S. foreign policy and resents U.S. attempts to dictate which Cuban firms are valid counterparts for U.S. companies engaged in otherwise lawful business activity in Cuba.

That said, recent economic reforms in Cuba are changing the landscape for consumer banking and remittances on the island. In 2020, Cuban citizens were for the first time allowed to open foreign currency-denominated bank accounts (so-called *moneda libremente convertible* [“MLC Accounts”]) at Cuban consumer banks—including U.S. dollar accounts—and to receive cash transfers from abroad into those accounts. In November 2020, Cuba also authorized U.S. remittance providers to transfer remittances through Cuban bank Banco Financiero Internacional (“BFI”) and to transfer bulk remittance payments for further forwarding through domestic inter-bank transfers to remittance recipients’ MLC Accounts. For a short while, this novel structure functioned as a new formal channel for remittances and did not involve any Cuba Restricted List entity. Then,

in January 2021, the State Department added BFI to the Cuba Restricted List.

Anecdotal reports also indicate that Cuba is wary of designating another bank or remittance processing company that is not on the Cuba Restricted List over fears that any newly designated counterpart will also be added to the list.

Is it true that the Cuban government takes a 20 percent cut of all remittances sent to its people?

No.

Recent public comments and media reports suggesting that the Cuban government takes up to 20 percent of all in-bound remittances are exaggerated, misleading, and outdated.

In years past, U.S. remittance flows to Cuba were subject to various fees. For instance, the Cuban Central Bank imposed foreign exchange surcharges on the conversion of U.S. dollars into local currency. These fees were on top of commissions charged to U.S. remittance forwarding companies by Cuban remittance processing companies. According to U.S. remittance industry sources, total fees imposed by Cuba on an average family remittance transfer of \$250.00 amounted historically to roughly eight percent of the total transfer value and were charged to the remitter, not the recipient, of a transfer.

However, in 2020, Cuba eliminated all surcharges on U.S. dollar-denominated exchanges and the fees imposed for domestic inter-bank transfers are lower than the fees formerly charged by Cuban remittance processing companies. U.S. remittance industry sources suggest total fees imposed by Cuba on an average transfer of \$250.00 are now less than five percent.

The Biden Administration is currently conducting a Cuba policy review. It is reasonable to expect that they may reconsider whether these lower fees on inbound remittances disproportionately benefit Cuban government entities at the expense of the Cuban people (the threshold for inclusion of an entity on the Cuba Restricted List)—particularly when considering that the need for support from family abroad is so high.

Doesn't the Cuban government end up sucking up money from remittances because they control the stores where Cuban remittance recipients shop for basic necessities?

While there have been some reforms to allow private sector activity in recent years, Cuba's economy is still predominantly controlled by the state, which controls the distribution of most food, medicines and other basic necessities. It is inevitable that many recipients of remittances from the United States will spend all or part of those funds in Cuban government-controlled stores. However, it is also likely that many Cuban consumers will choose to spend some of their remittance funds at private sector establishments, such as restaurants, farmer's markets, hair salons, and for transportation needs, such as private taxis.

The Biden Administration will need to determine whether the knowledge that some U.S. remittances will be spent in Cuban government-controlled establishments is reason enough to continue to deny Cuban Americans the ability to support their relatives in Cuba.

If I send money to a relative in Cuba, can they withdraw those funds in cash?

It depends. (And it's confusing.)

Cuban monetary policy and consumer banking rules have changed dramatically in the past year. Cuba's convoluted dual-currency system, characterized by two distinct legal tender currencies circulating simultaneously within the domestic economy (the Cuban Convertible Peso [CUC], pegged 1:1 to the U.S. dollar and widely used in the tourism economy, as well as for purchases of imported goods at specialized state-controlled retail stores; and the Cuban Peso [CUP] pegged at a 24:1 conversion rate with the CUC [24 CUP = 1 CUC]) ended in 2020. The only legal tender currency in Cuba today is the CUP, which is now pegged to the U.S. dollar at a rate of 24:1.

Officially, Cubans who receive remittances in dollars to their MLC Accounts are allowed to make purchases using those funds through their debit cards at state-controlled stores that sell imported goods at prices

denominated in U.S. dollars. Remittance recipients are also allowed to withdraw their funds in cash in Cuban pesos (CUP) at the official exchange rate (\$1 = 24 CUP). While there does not appear to be any legal prohibition on the withdraw of cash dollars from U.S. dollar-denominated MLC Accounts, anecdotal reports indicate that an extreme scarcity of physical U.S. bank notes—due, in part, to COVID-19 travel restrictions—has complicated cash dollar withdraws.

To add to the confusion, an unprecedented scarcity of U.S. dollars and other foreign currencies in Cuba as a result of the pandemic-induced collapse of international travel (among other things) has led to the emergence of a parallel market for U.S. dollars in Cuba, where informal exchange rates reportedly fluctuate in the range of \$1 = 50–60 CUP (nearly double the \$1 = 24 CUP official rate). The Cuban government has also imposed recent restrictions on the deposit of cash U.S. dollars into MLC accounts. In this sense, Cuba faces some of the same macroeconomic monetary policy challenges that have confronted other countries that have imposed exchange rate controls. It is unclear at this time how the Cuban government will respond.

Can the Biden Administration restart remittances to Cuba through executive action, or does congress need to act?

President Biden can enact policies to reopen formal remittance channels to Cuba through executive action. Congressional action is not required.

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Cuban Entrepreneurs: A New Look at the Crypto Orbit

By **María Lucía Expósito**



Over the last two years, Cuba has introduced new opportunities for accessing the Internet. And with these new opportunities, interest in cryptocurrencies and their means of exchange has arrived—and is here to stay. The Cuban entrepreneurship sector has taken advantage of emerging popularity by including these virtual currencies in the everyday life of their businesses.

Similarly, the government has begun to pay attention to the issue as of May of 2021 when the current Cuban president, Miguel Díaz-Canel, declared during a conference that the “convenience” of the use of cryptocurrencies for the country’s economic operations was being analyzed. This analysis makes a lot of sense if we consider that the country is mired with a severe economic crisis and is experiencing great difficulties accessing



Illustration: Wimar Vederica Fuentes

international financial markets.

Cryptocurrencies have made steady progress in Cuba. From establishing avenues for their sale, which includes a crypto community with exchanges designed for the national client, to the possibility of accessing certain goods and services with them.

Cryptocurrencies have made steady progress in Cuba—from establishing avenues for their sale, which includes a crypto community with exchanges designed for the national client, to the possibility of accessing certain goods and services with them.

On the Corto Circuito podcast, from the Cuban website Cubadebate, the Cuban YouTuber and programmer Erich García has discussed cryptocurrencies serving as an alternative for buying in online stores. He also sees the advantage behind handling valuable assets, from the conception of a centralized database, with a currency that does not have an assured backing by a bank, but that depends on the supply and demand and the interest of each person.

“As of 2019, I can affirm that many people have been selling cryptos, and before creating Cubaxchange (now HeavenEx), I created a website called blBtc. I created another one called CubaCoin, and that one incorporated a referral system at the same time that the Brazilian exchange fusyona did, which had its sights on internal exchange. At the time, sites like these were in demand because of the scams found in Telegram and WhatsApp groups,” says programmer Felix Ulloa, creator of HeavenEx.

From his experience as a leader and enthusiast of the HeavenEx team, Felix confirms that today they have more than 150 users and 43 payment methods along with the option to buy virtual Visa and MasterCard cards, send recharges, and transfer from user to user. *“Everything on the platform is with crypto; trx, tron and ethereum have raised commissions and that’s why*

we have a movement of usdt, a stablecoin equal to the value of the dollar. We charge 50 cents for every 100 dollars.”

The Come y Calla Bar Restaurant, located in Centro Habana, accepts payments in Bitcoin and adapts its rates to the equivalent of the USD dollar. In Santiago de Cuba, the Burger Like hamburger shop also receives payments in bitcoins, ethereum, dash, and doge. Millenium, a startup that offers mobile and printing solutions, also accepts payments in crypto assets. The Cayo Largo del Sur hotel, on the Isla de la Juventud, includes Bitcoin in its payment options, in addition to the more traditional methods such as credit cards and Paypal.

The exchange site Pionex is popular among independent Cuban entrepreneur spaces. The most experienced traders converge on this site, as well as other stakeholders interested in selling.

Another of the projects that has forged its own path, this time within the art world, are NFTs. An NFT, or a Non-Fungible Token, is a cryptographic token that represents a single asset. It is an electronic file format based on blockchain technology, just like cryptocurrencies. A token is a non-exchangeable asset that holds unique additional information. This makes them differentiate them from cryptocurrencies, which also use blockchain technology but are interchangeable with each other like any other physical currency. For an artist in Cuba, creating an NFT and managing to sell it can certainly be difficult, but not impossible. You can access sales platforms with the help of VPNs, and HeavenEx recently added this category to its exchange options. At the end of March of this year, photographer Gabriel Guerra Bianchini became one of the first Cuban artists who put his work up for auction on NFT.

Finally, we would like to highlight the experience of entrepreneurs Thais Lisset and Erich García Cruz, who at the beginning of July coordinated P2P donations from abroad using cryptocurrencies to support the situation in the Matanzas province. This experience shows us the enormous potential that cryptocurrencies can have in establishing direct channels for person-to-person donations.

The recent ups and downs in the crypto field have not stopped small businesses in Cuba from including this virtual exchange value in their rates. The Institute of Cryptography of the Faculty of Mathematics at the University of Havana, together with the Central Bank and the Ministry of Justice, have developed laudable regulatory frameworks, but there is still no concise verdict on this, though it won't be ignored in the near future given the desires of a growing and modern sector that advocates its use and acceptance.

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SMEs in Cuba: New Scenario, Old Problems, and Possible Solutions

By Aldo Álvarez

We await the necessary modifications for the Cuban non-state sector to be adequately promoted as a destination for foreign direct investment.



fter long years of waiting, countless analyses by economists, lawyers, and specialists from different sectors, and the continued push for action by the emerging entrepreneurial sector, the regulations on micro-, small- and medium-sized enterprises (MSMEs) have finally been approved and published in Cuba.

This means that for the first time in decades, Cuban natural persons can establish a company—micro-, small- or medium-sized—using a legal form that provides independent legal personality: the limited liability company.

The fact that the Cuban authorities have finally fulfilled, albeit with considerable delay, one of the most anticipated Guidelines (“Lineamientos”) from their socioeconomic agenda of the last two political cycles (2011–2016 and 2016–2021) is, without a doubt, excellent news.



This regulatory framework creates new possibilities that we need to be able to understand as these new economic actors structure themselves, develop, interact, integrate, and compete amongst themselves.

Based solely on the regulations adopted to date, we will try to focus our analysis on how this new tool for MSMEs could generate new opportunities for foreign direct investment (FDI) in Cuba, and on how the non-state sector could become a driving force in this area that is so important for the economies of developing countries, as is the attraction of foreign investment.

Decree Law Number 46/2021^[1] and the Promotion of FDI in Cuba

Although we appreciate how significant this regulation could be for the development of Cuba's productive forces, in our opinion this new regulatory package has not been conceived considering the potential that this sector has to attract FDI to the country. The fact that the regulations fail to take advantage of this can still be corrected, even in the short term.

In a **previous article** we wrote that "Taking that into account—and except for express regulation to the contrary that would not be in keeping with the current spirit and political will—MSMEs should be considered as domestic investors and should be able to tap foreign investment in the same way as other actors in the Cuban economy."^[2]

The current regulations do not totally prohibit MSMEs from receiving FDI, but they throw up substantial roadblocks, which we explore below, that need to be resolved by subsequent regulatory action.

Private MSMEs. Article 48. A problem.

Article 48 establishes that: "Partners of privately owned MSMEs must be natural persons permanently residing in Cuba, over 18 years of age."

¹ Gaceta Oficial No. 94 Ordinaria August 19, 2021.

² <https://horizontecubano.law.columbia.edu/news/la-inversion-extranjera-en-cuba>

In other words, it means that the following people cannot be partners of Cuban privately owned companies:

- Foreign natural persons, not residents of Cuba.
- Cuban natural persons, not residents of Cuba (Cuban emigrants).
- Foreign legal persons.
- Cuban legal persons.

Article 48 forecloses private MSMEs from aspiring, in the most direct way possible, to one of the classic and most common forms adopted by FDI—the acquisition by a foreign investor of participation interests (in the case of LLCs) or stock (in the case of corporations) in national companies. This means that private MSMEs in terms of FDI, at least for now, will not comply with the principle that "all the economic actors will be subject to the same conditions."

We are unaware of any reason based on the theory of Commercial and Corporate Law that supports this decision. Therefore, we understand that the reasons must be more administrative than academic.

Joint Ventures in the Foreign Investment Regime: a Possible Solution^[3] Using a type of joint-venture, together with International Economic Association Contracts, the state sector, in the capacity of the domestic investor, has been able to attract FDI to Cuba for many years from foreign investors, with both successes and shortcomings.^[4]

Article 48 specifically prohibits private MSMEs^[5] to be created as joint ventures or any other similar modality. However, the foreign investment regulations do allow private MSMEs to

³ Foreign Investment Law 2018/2014.

⁴ We do not consider the totally foreign capital company as defined in Article 2.g) of Law 118/2014 itself. Although it is a formula to promote FDI, it is not carried out through agreements with national actors, but through ministerial authorization.

⁵ In relation to state or mixed MSMEs, we consider that the way the text of Articles 48.2 and 48.3 is drafted, a prior consultation with the Ministry of Economy and Planning would be required to better understand the possibilities.

be considered domestic investors, since they have legal personality and domicile in Cuban territory. This means that private MSMEs would still have the option to apply to the Ministry of Foreign Investment and Foreign Trade (MINCEX) for approval to receive foreign investment. The objective of this request would be to create an independent legal entity—a joint venture with independent legal existence—between domestic (private MSMEs) and foreign investors.

The possibility exists. But the processes provided for in the foreign investment regulations were created to suit the state sector and its methods for negotiating large transactions. Undoubtedly, it will be difficult for a private MSME to request and obtain approval under the current regulatory framework for FDI.

International Economic Association Contracts (IEAC)[6]

In this case, Cuban private MSMEs could, in theory, also aspire to apply to MINCEX for approval of an IEAC. But, again, without a specific procedure for private MSMEs, the following could be triggered: *“MINCEX will face many challenges, such as responding to the need for faster and less complex approval processes for a private sector that is much more dynamic than the state sector, and which tends to establish many smaller operations instead of fewer large operations.”*

This means that facing an onerous administrative procedure (developed without these types of private entities in mind), along with predictable extensive delays, just for the chance of obtaining approval to accept any amount of foreign capital, the interested parties could well choose other more practical and efficient informal solutions.

Private MSMEs Without Clear Access to FDI: Possible Market Responses

Cuba's economic reality in recent decades confirms that, as is the case in the rest of the world, when regulations are incapa-

ble of providing an adequate response to the needs of the market, distortions are generated with unexpected effects.

The underground economy, the black market, tax evasion, and underreporting of taxes are only some of the main issues.

In our opinion, the current scenario could spark a new ecosystem of informal agreements among partners, as has already happened in the self-employed sector in the past and for similar reasons.

This would also mean an uptick in shell companies, anonymous partners, and front men. All these phantom entities and situations are unnecessary and could well be channeled by law through formal mechanisms, by the Mercantile Registry itself or by the tax authorities, as is done in other jurisdictions.

On the other hand, the possibility of MSMEs aspiring to constitute joint ventures and establish IEACs, through the current complex processes provided for in the foreign investment regulations, is extremely unlikely. As long as these regulations on foreign investment are not modernized and new processes developed that consider the specific needs of MSMEs, it will be difficult to promote foreign investment in this sector.

Our recommendation is that this be done as soon as possible.

Participatory Loans: A Possible Solution Given Current Conditions

Naturally, Cuban private MSMEs will continue to find ways to generate financing and partnerships with foreign investors. This will happen mainly with Cuban emigrants, the natural partners for these ventures, emulating Chinese, Indian, Vietnamese, and other similar experiences.

This means that private MSMEs in terms of FDI, at least for now, will not comply with the principle that “all the economic actors will be subject to the same conditions.”

6 Article 2.f Law 118/2014.

Despite Article 48 and whatever regulations are issued that allow more effective processes at MINCEX so that MSMEs can establish joint ventures and IEACs, and if it is acknowledged that these new entities can be an effective source to attract FDI, there are several legal tools that may be considered by MSMEs that do not wish to foreclose receiving legal flows from abroad.

One solution (not the only one) could be what is known in the world of startups and MSMEs as a “profit participation loan”:

- As applied to the case of Cuba, the foreign investor (the lender) would sign a profit participation loan with a private MSME (the borrower), lending it a certain amount of capital.
- The MSMEs would be obliged to return that capital in an agreed time period in exchange for a variable interest to be determined based on the performance of the MSME.
- The criterion to determine performance may be net profit, business volume, total equity, or another measure that the parties freely agree upon.

Hence the “participative” aspect of this type of loan: the lender, through this variable interest loan to the borrower, “participates” in the business’s performance and evolution.

However, in many cases one of the most attractive aspects for investors, and for startups themselves, is the possible convertibility of the loan, that is, the ability to convert the debt into equity capital, making the investor/lender into a partner of the company. Moreover, converting the debt into equity eliminates, and therefore improves, the debt from the balance sheet of the MSME. In the Cuban case, at least for the moment, the inherent characteristic of convertibility of these types of loans would be null by virtue of Article 48.

The underground economy, the black market, tax evasion, and underreporting of taxes are only some of the main issues.

if the aim is to integrate non-state economic actors fully and completely into the Cuban economy, promoting FDI must be understood as a vital element of that ecosystem.

This solution is not ideal. Neither are the other legal formulas that we have identified and that could be applied to the various cases in which MSMEs and foreign investors wish to engage in an economic arrangement under current conditions. Nonetheless, given the current regulations, these participating loans seem a better alternative, providing parties more legal security than would totally informal private transactions.

Final Notes

The importance of promoting FDI for Cuban economic development has been recognized by the authorities on various occasions.

In 2019, for example, President Miguel Díaz-Canel “reiterated [...] that foreign investment constitutes an essential part of the country’s development strategy [...] ratified that Cuba needs this modality, since it constitutes a source of capital, technology and vital knowledge to guarantee the nation’s progress.”^[7]

For his part, in 2021 Prime Minister Manuel Marrero Cruz spoke of “a more competitive planet, where the competition between countries to place their products on the international market and attract foreign investment will be made without hesitation [...] . Waiting is not the solution.”^[8]

In our opinion, if the aim is to integrate non-state economic actors fully and completely into the Cuban economy, promoting

⁷ <https://www.mincex.gob.cu/index.php/site/data/?lang=es&location=Noticia&title=Reitera+D%C3%ADaz-Canel+rol+esencial+de+la+inversi%C3%B3n+extranjera+para+el+desarrollo+de+Cuba>

⁸ <https://www.mincex.gob.cu/index.php/site/dataa/?lang=es&location=Noticia&title=Cuba+en+el+mercado+internacional+de+%E2%80%99Cla+nueva+normalidad%E2%80%99D>

FDI must be understood as a vital element of that ecosystem. Likewise, we recognize the Cuban authorities' commitment to integrating Cubans living abroad into the country's socio-economic fabric. How to meet that goal is one of the nation's greatest current challenges. The Ministry of Foreign Relations^[9] supports this new regulation as a "new opportunity to promote investment by residents abroad."

Without a doubt, MSMEs could be one of the most important elements for this integration.

In these circumstances, although we welcome the approval and publication of the new regulations authorizing MSMEs, they fall short by preventing them from being a significant attractor of FDI.

The Cuban economy is at a critical juncture. The wriggle room for decision-making is extremely limited. Therefore, we believe that the issues described in this article must be urgently considered.

Our recommendation is the implementation as soon as possible of the necessary modifications, complementary and integrating regulations so that, in a practical and effective way, the non-state sector can be adequately empowered as a receptor of FDI.

There is no reason why this should not be the case.

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⁹ <http://www.granma.cu/cuba/2021-08-07/cuba-con-una-nueva-oportunidad-de-promover-inversion-de-residentes-en-el-exterior-07-08-2021-14-08-59>

11J: When Repression in Cuba Ceased to be "Utilitarian"

By **Ricardo Acostarana**

...They believed he was a dissident and was no more how natural...

Silvio Rodríguez – Juego que me regaló un 6 de enero –



Since Sunday, July 11 (11J), I have been asking myself the same question: If I had still been an officer at the Ministry of the Interior, how would I have reacted had I been given orders to contain, at any cost, the hundreds of people who came out to protest in the streets of Havana?

That day in the afternoon I took to the street. I had finished watching live broadcasts on social networks of what was happening in San Antonio de los Baños. That's where the wave of protests against the government began. Then it expanded to towns and cities across the country.

All of Cuba had been under an electronic blackout for hours that would last, intermittently, more than a week. There was no way of knowing what was going on for sure in other

places, but something was definitely wrong if the government blocked access to the internet. It is an unwritten law to "take it down" every time an event occurs that the government deems "extraordinary." Other examples include November 26 and 27, 2020 and January 27 of this year.

By alternative means, I learned of a handful of artists that were congregated at the entrance of the Institute of Cinema, Radio and Television (ICRT) to demonstrate peacefully and ask for a few minutes in front of the cameras.

I was part of the crowd that saw most of them being violently arrested. Three officers dressed as civilians hounded one of them and squeezed him into a car that screeched rubber as it drove away. Others nearly escaped being thrown onto a cargo truck. I was part of the crowd that stood, astonished, watching how the truck revved its engine, and the detainees were flung to the floor of the vehicle and beaten in broad daylight in front of dozens of cell phones that recorded what happened. I was part of the crowd that saw 23rd Street fill up with patrol cars and state security agents on their motorcycles. I was part of an increasingly dispersed crowd who heard the same slogans as always, by a group of officials and university students summoned at the entrance of the ICRT, in open defiance of the young artists' claims.

I looked at the scene as a whole, searching for a familiar face among the officers; suddenly, I imagined myself in uniform, among them, sent there with the sole objective of arresting those boys, some were acquaintances or personal friends.

During almost the decade I spent as an officer, a situation like this never arose, and much less on a national scale. Every so often, on Sundays, the Ladies in White would walk down the streets in the Playa neighborhood and an entire armed police operation would greet them to "neutralize" them. In other words, they were arrested, transferred to a police station, and then released in different parts of the capital.

Many of my colleagues at the time were not aware. For them, it was enough to know what their bosses cackled: "The-



Illustration: Maikel Martínez

se women are the enemy, they are mercenaries at the mercy of the CIA and the American Government." They probably did not care to know who those women were, who came out dressed in white, with flowers in their hands, asking for freedom for their husbands, parents, children, or brothers. The latter were detained years earlier as political prisoners in what is known as the Black Spring in Cuba.

I remember once asking a captain if he knew about the Black Spring, and he asked if it was a horror movie or a Chuck Norris movie. On another occasion, someone questioned who Yoani Sánchez was, and another officer thought she was a higher-up who had been recently promoted.

In my early years, behind a desk and slews of legal documents, I was

I was part of the crowd that stood, astonished, watching how the truck revved its engine, and the detainees were flung to the floor of the vehicle and beaten in broad daylight in front of dozens of cell phones that recorded what happened.

never interested in politics or what happened beyond my pillow or my pocket. I had my heroes, my usual martyrs, and I thought I knew about what they never tired of calling "the relay of the Revolution."

Over the years, I discovered that I was not even the child of a moral com-

mitment defended by my parents, nor many of the parents of young detainees. They no longer hid behind that duty or felt proud of being trained by the Revolution. Rather, they were resigned to "this is what it is – what can be done? – No one can fix this – there is no need to make a homeland for anyone – you have to survive as you can."

I never had the vocation to dedicate myself to military life. That was always clear to me, as was that under no circumstances would I do anything outside of what I considered fair, humane, and legal. At the same time, there was the military maxim: "Orders are carried out and then, if anything, they are discussed,"

which demands, and supposedly protects, the ability to carry out actions that can lead to serious repression. If in the course of events there are irregularities, such as excessive use of force, unjustified repression, or abuse of office, these possible crimes can be investigated. I never allowed myself such acts.

Many of these "arbitrary" acts translated into repression and police brutality; this was the lived experienced during the protests that began on 11J. One of the problems, the hot nail hanging from the Cuban government's tongue, is that this time it is not around a dozen counterrevolutionaries in some park or side street; these are not *gusanos* (worms), nor stateless persons, mercenaries, or lumpens paid by the CIA; neither are they "confused," the government's new term for the protesters. People took to the streets demanding freedom and better government management.

People took to the streets demanding freedom and better government management. It confirmed for the first time, and forever more, that they are fearless.

It confirmed for the first time, and forever more, that they are fearless. As they advanced through the streets and

avenues, they asked the police not to strike, they chanted "Patria y Vida" and "it's over now," the resounding chorus of a song-turned-hymn for many. The only weapons they had were their collective shouts, the common sense of their claims, their cameras, videos to record evidence of abuses, and their bodies to face the consequences of expressing themselves freely, something considered a crime to pay dearly.

Unfortunately, in some places, stones and bottles were also used as a means of defense. Perhaps it was in response to the savagery of the different civil and military entities that tried to repel the situation with sticks, batons, and even shots into the air. However, the scenes of stone-throwing and acts of vandalism were the images that the state media manipulated to show the world a version of what happened in Cuba: it was not a so-

cial outbreak, but serious acts against social peace and order.

Those same events were what I encountered after the events outside of the ICRT. Miguel Díaz-Canel spoke on national television about what was happening as the protests increased. The number of people who, throughout the country, left their homes to join those in the streets is not known exactly, regardless it being the worst moment of the Covid-19 pandemic for Cuba.

My habitual access to internet would not see the light of day again until almost a week after 11J. By that time, more than 500 people had already been arrested, and counting. The indiscriminate arrests of intellectuals, folks on street corners, top-level athletes, minors, the elderly, mothers with young children, university students, doctors, artists, civil servants, the self-employed, and even the mentally ill speaks of the regime's ineptitude and inability to make progress.

Each and every one of the possible and dialoguing Cubas, all of the most heterogeneous political views marching through the main avenues, streets, roads, and paths of the Island were silenced. For the first time in history since 1959, every level of social class in Cuba came out to demand something from the government.

Such is the example of a 21-year-old friend, a physics student at the University of Havana, Leonardo Romero Negrín. Leo was arrested on April 30 at a demonstration in Old Havana where he carried a sign with the words *Socialism Yes, Repression No*. Leo took to the streets that day believing in a social system and said it loudly, but the defenders of socialism themselves took the poster from him and forced him into submission.

On July 11, he was arrested again after protecting a student of his from possible confrontations with the police in one of the demonstrations in front of the Capitol building. Leo came out defending the same idea from April 30 but stayed out of the crowd. A public surveillance camera captured him, and three agents dressed as civilians surged like beasts to brutally arrest him. He spent several days in a penitentiary and days later, upon being released, confessed to having been a victim, along

with other inmates, of subhuman living conditions and physical, moral, and psychological harassment.

His testimony, as unusual as it is aberrant for a society not accustomed to such extreme situations, has caused a stir among families of the many detainees, and even in the upper echelons of the government. Personally, I was terrified by what they call the "somatón:" the officers make a corridor, like in soccer ceremonies, and the detainees have to run through it while being physically pummeled and scolded with obscenities. I do not want to believe that an armed institution to which I belonged carries out this type of... martyrdom... I want to stick with adhering to the law and clarifying criminal acts like the ones I, too, helped investigate.

Another example that shows the contempt for citizen integrity is the case where 25-year-old photographer Anyelo Torya was forced into a summary trial without the right to a lawyer and sentenced to one year in prison. His "crime" was using his camera to document one of the protests. Anyelo was released a few days after, but no one will answer for that time behind bars.

On the other hand, Daniela Rojo is a 23-year-old friend who lives in Guanabacoa who was detained on 11J. Daniela has two young children, ages 7 and 4, and a schizophrenic father. After days and weeks in various detention centers, she was finally liberated.

Arián González is 32-year-old lawyer and holds the international title of Grand Master of Chess. He has resided in Spain for several years but has been in Cuba since the beginning of July taking care of his diabetic mother. He was detained for several days for the alleged crimes of disorderly conduct and instigation to commit a crime and decided to go on a hunger strike. Arián, alone, on a street in his hometown, raising his arms and clapping his hands, shouted Viva Cuba Libre, Patria y Vida y Libertad. After being released, he returned to Spain.

Ángel Carranza Caso, "Ángelo," one of the best-known street artists in the city of Santa Clara, was violently detained on one of the main public roads of his city on June 11 and was under

arrest for almost a week. He is 62 years old and has no family.

These five people – a tiny sample – detained during the wave of protests reveal something that works as a perfect portrait, analogous to what transcended the Black Spring more than 15 years ago. With the arrest of the 75 dissidents, activists, and independent journalists who became political prisoners, movements to denounce their release arose on the island, such as the aforementioned Ladies in White, who were accused of receiving funding from the US government.

This precedent indicates the non-dismissible idea that, in large part thanks to the use of social networks, especially Facebook, Instagram, WhatsApp, and Twitter, thousands of mothers, fathers, brothers, and friends are mobilizing in the same way. They are more organized, and have more information, and with the legitimate right, create groups, movements, and concrete actions to make visible each of the unjust arrests and sentences experienced by 11J protestors.

There is no possible way for the Cuban government to hide behind its fetish over enemy financing to delegitimize the new peaceful resistance groups. In fact, on July 21, the first peaceful women's march was organized as a protest to demand information about their detained relatives. One of the premises of the self-proclaimed Mothers of 11-7 Movement (a possible Caribbean movement like Mothers of the Plaza de Mayo?) was that it was made up of only women, and men were in charge of participating as observers, with the aim of avoiding acts of violence. Little or nothing is known about the final outcome of this march.

If in the days when I worked as an officer of the Ministry of the Interior, an entire operation was put together to repress the walks of the Ladies in White, several times also with men by their sides leaving video evidence of what happened, how can you fix it when thousands of them go out all over Cuba to ask for the liberation of their children? At the risk of sounding fatalistic, who can take away that any of those people, whom a police officer has to arrest and repress, is a family member or

friend of the same? What would their reaction be? Would he comply with the order and then later, if anything, discuss it?

Of the hundreds of videos uploaded to social networks since then, there is a significant one that portrays that other Cuba, above any oppressive order. The Cuba that, since 11J, broke the paradigms tied to the belief of a quiet and submissive people, was the same Cuba in the video of a province in the center of the island, where a group of police officers trying to stop the passage of some protesters ultimately stepped aside. The crowd thanked them with applause, and they continued on their way freely and peacefully.

That is the country that stopped being $2 + 2 = 5$. The same where, if I were still a military man, I would not have to think about who is demonstrating with raised hands, claiming the same thing that affects me, as a just public servant and also a representative of Cuban civil society.

I still have the same friends from 10 years ago who believe in socialism as the only way to justice and progress. Friends who are confirmed in the idea of a liberal economy as a solution to Cuba's ills. Friends who consider the government a totalitarian regime, others who call it a dictatorship. Muslim friends and believers in the Yoruba religion. Friends, even, who look favorably at the possibility of a military intervention in Cuba. Militant friends bred by the Communist Party. Trans, lesbian, non-binary friends. Friends who say they do not know what is happening. Friends who received a stone to the head yelling "down with the embargo." Friends who believe in dialogue with the government a thousand times denied.

Today, as for more than a decade, the government is determined to demonstrate that all attempts to subvert order in Cuba have leaders who receive express orders from the "ancestral enemy." The events of July 11 thwarted and broke the official stereotype of the Cuban counterrevolution. The thousands of people who took to the streets did not do so on behalf of or under the convocation of the 27N Movement, or MSI (San Isidro Movement), UNPACU (Patriotic Union of Cuba), or any other

independent organization. The thousands of people who took to the streets did so because they got tired of surviving in an eight-hour queue to buy some chicken, a tube of toothpaste, a roll of toilet paper, a box of cigarettes, or a blister of pills, in the event that they were actually able to buy it. They did it because the chicken they keep in the freezer at home is spoiled by the endless and intermittent power outages several times a day. They did it because they got tired of the embargo as the *sine qua non* culprit that the system has to justify the disastrous handling of the pandemic and the lives of Cubans in general. They did it precisely because they lack a natural and organic leader who can conjure a societal vision better than the existing one. They did it because they got tired of living in a country with the drop from the overturned glass had not yet touched the ground.

Cuban writer Norberto Fuentes once said: "The repression in Cuba does not have a thirst for blood, it is utilitarian." But the images disseminated by the networks do not demonstrate this thesis, rather they lead to a nineteenth-century praxis coined by Gustave Le Bon in his book *Psychology of the masses* (1895): "... the clearest role played by the masses has consisted in the great destruction of aging civilizations..."

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Cuba: On the Road to Sports Reunification

By **Carlos A. Hernández Luján** And **Yodeni Masó Aguila**



he arrival of Guillermo Corzo to the men's handball team in 2018 initiated a reunification process of the national sports movement in

Cuba. Since then, around 70 athletes have been reintegrated into national teams under the purview of the National Institute for Sports, Physical Education, and Recreation (INDER).

This fact is part of a regulated process aimed at improving our country's performance in the international arena. It takes place in the midst of an opening created by a new hiring policy that allows Cuban representatives to compete in international tournaments (mainly in collective sports such as baseball, basketball, etc., but without blocking the way for individual sports such as cycling and others). Reintegrating Corzo to the hand-



Illustration: Maikel Martínez

ball team was one of the first steps taken by INDER at responding to the demands of athletes, specialists, and fans. These demands called for an update to the regulations that deal with the introduction of Cuban émigré athletes playing in foreign leagues back into the national ranks.

In this way, the term “legionaries” will appear in the national press to reference the reintegration of a group of athletes that would return to Cuba for local championships or strengthen the senior teams in international events.

What Does the INDER Regulate?

According to INDER’s legal department, an employment contract contains three fundamental elements: the activity or service to be performed, the relationship of dependency and subordination between the parties, and remuneration. In May of this year, the director of the department, Ramiro Domínguez, explained in an article published in JIT Digital that the contracts are signed for a specific period of time and the player receives, in addition to their salary, other economic incentives for the results they achieve.

The employment relationship of an athlete and his club is established for one or more seasons, not for years. However, it is possible to negotiate extensions before the original term expires. In this sense, the salary of a professional player is negotiated in the individual contract, or it can be previously established through collective agreements endorsed by representatives of the clubs and athletes.

The contract includes a monthly salary, with the option to receive incentives linked, for example, to team classification, time spent in the club, sponsorships, and other benefits according to the performance.

The athletes’ duties include training under the command of the club’s technicians, taking care of their physical condition to ensure the best possible performance and expected results, as well as participating in all matches, both official and friendly. Likewise, contracted athletes are also obligated to represent Cuba in official competitions.

The first objective of this recruitment seeks to raise the quality of athletes through their participation in top-level competitions and not their commercialization. INDER is committed to raising the quality of national events, in addition to enhancing international results, while seeking to optimize the living conditions of athletes and their families, as well as obtaining income to develop the sports movement on the Island.

As part of the principles contemplated in this procedure, all athletes that make up the national sports system have the right to accept contracts abroad. INDER will provide legal support for this.

The way to materialize these contracts is that each foreign club or team interested in a Cuban player must contact the federation of the corresponding discipline to initiate the pertinent negotiations. Similarly, the hiring responds to the strategies defined by the national commissions of each discipline and not to the personal interest of a specific athlete.

The Athletes Give Their Opinion

For Cuba, this hiring policy is not new because at the end of the 80s and during the 90s, baseball and volleyball athletes were allowed to accumulate experience in tournaments abroad, although without the monetary incentive protected in the current regulation.

With the implementation of the regulations in 2013, baseball, handball, volleyball, and basketball began to insert their main talents in leagues across America and Europe. Currently, more than 140 athletes participate in international leagues.

Names like Alfredo Despaigne, Yurisbel Gracial, and Liván Moinelo garnered success for national fans in professional baseball in Japan. Meanwhile, Arlenis Sierra won stages in cycling tours of Europe; basketball player Jasiel Rivero celebrated the triumph of the Champions League; and the wrestler Alejandro Valdés provided positive prospects in the German Bundesliga. With the new rules of Antillean sport, Miguel Ángel López took this campaign to Sada Cruzeiro of Brazil after ending his perfor-

mance in the Argentine clubs Gigantes del Sur (2018-2019) and UPCN San Juan (2019-2020) in search of a transition to Europe.

"With these experiences in Argentina and Brazil, I will come out ready for a contract in Europe. I will take advantage of every opportunity, because in the future I would like to be on an Italian or Russian team," said the Cuban transnational.

The player, a native of Cienfuegos in the south-central region of Cuba, was grateful for the years of experience in Argentina and was optimistic about the resurgence of volleyball on the island.

"I think the next cycle is going to be good for us, we have to continue growing, we have to try to reach the League of Nations and integrate all of the maturity from these years of contracts into the national team," added López.

Another jewel of men's volleyball, José Carlos Romero, added minutes of play in the League of Argentina and France. At 21 years old, he seeks to consolidate the position of opposite attacker, reach a higher-level club, and seek ownership with the national team.

Of those in the sport today, Raydel Martínez has shown the importance of national water polo players participating in foreign club competitions.

His goals are registered with the Paris Lodron Salzburg Wasserball team from Austria.

Martínez, 31, goes to the pool in the First Division of the Austrian Bundesliga, after almost a decade of performance on the Cuban team and a brief foray as a coach with the Jamaican

When one considers a unified Cuban team, many might think of baseball due to the presence of Cuban players in the United States Major Leagues; however, handball set the standard for the reintegration of athletes who had made careers independently in other latitudes.

national team. A native of the central province of Camagüey, Martínez valued this opportunity in his career because he was able to pursue that contributed to higher-level competition.

A member of the Cuban team at the Central American event in Veracruz-2014 and the Pan-American Games in Toronto-2015, Martínez highlighted the benefits of these contracts for group sports that, such as water polo, lack international matches and have short-term national tournaments.

“We need athletes to be able to show their skills. There is a lot of talent in the country, and the international experience of playing in a club is beneficial. The diversity of polo players and styles

As part of the strategy for reunifying Cuban sports, the reintegration of some who have effectively left the country, trained abroad, or even descendants of Cuban emigrants, gains notoriety.

offers another vision, and that helps raise the quality of the team,” he said.

The Cuban polo player revealed that the Austrian circuit has Italian, Hungarian, Serbian, and Croatian athletes who offer higher level rivalry.

His compatriot Giraldo Carales supports his participation in a foreign tournament, and in his two seasons playing with Waterpolo Navarra he already incorporates different experiences and technical elements in top competitions of the Spanish Premaat League.

At least 20 Cuban handball players perform in different leagues in Spain, Portugal, France, and Slovakia, in a discipline that takes Cuban players back to the old world.

With four years of experience in Europe, Reinier Taboada was satisfied playing in the first division of French handball with the Dunkerque club, after his international debut in Portugal with Artística de Avanca (2016-2018).

The 2019 emerging nations world runner-up insisted on hard work and determination to fulfill individual goals. “In Europe, I have been able to develop and show my skill, seeking to

contribute to the triumphs of the national team and the club,” said Taboada.

Pedro Valdés is the current captain of the male team, and he has garnered praise at Andebol de Portugal. The Cuban handball player described as a “crucial opportunity” his time at Artística Avanca between 2015 and 2017 as well as the three seasons he played after in Lisbon.

“Since the beginning in Portugal, I have grown as a player season after season, acquiring greater technical-tactical development and better options on the pitch, as well as contributing to the performance of the national team,” he noted. Central American head of Barranquilla 2018 and a member of the national team since 2013, he commented on the timeliness of hiring in Cuban sports, although he recognized the need for more organization and the lack of limits when facing an event.

A similar criterion was used by goalkeeper Niurkis Mora, who after excelling in international competitions, signed on to Rodríguez Cleba’s payroll in the Silver Honor Division of Spanish handball. The bronze medalist of the Lima 2019 Pan American Games and assistant to the Kumamoto World Cup shared the joy and motivation for this opportunity, which she considered excellent for her growth as a player, after her international debut with the Cuban team in the U21 World Cup from Kasajastán in 2010.

The Reinsertion Process

When one considers a unified Cuban team, many might think of baseball due to the presence of Cuban players in the United States Major Leagues; however, handball set the standard for the reintegration of athletes who had made careers independently in other latitudes.

For the first time, INDER put aside prejudices and allowed, as an experiment, a national team to include players who had been away from the institution’s radar for a long time; this resulted in the men’s handball team winning gold in the Central American Games of Barranquilla in 2018.

Guillermo Corzo made history in the Colombian city as the first athlete reinserted after playing for almost a decade in Europe. The good omen of such a decision increased as he led the way in obtaining the gold medal, a result that had been denied to Cuba for 25 years. In the Pan American Games in Lima 2019, other athletes returned to the team as well; Corzo was accompanied by players of the stature of Jorge Luis Paván, Yoel Cuní, and Yosdany Ríos, who contributed to the fifth continental seat.

After the Peruvian event, handball has been effective in recruiting athletes from foreign leagues, and economic motivation is compounded by allowing its athletes to compete at higher levels of play, without which it would be impossible to remain competitive in the sport. On July 3, 2019, the Cuban Volleyball Federation announced the inclusion in its registry of players Robertlandy Simón, Michael Sánchez and Raydel Hierrezuelo. They requested re-entry on to the national team to contribute to the general development of the sport, which focuses on training and improving young talents through the high-performance system. Of this trio, Simón would be the only volleyball player to wear the four-letter uniform once again with a message of competitiveness and power after years of playing through Italy, Brazil, and South Korea, which earned him the recognition and admiration of the entire international community.

There are several essential elements athletes must uphold in order to be incorporated back on to the ranks of the national team: not abandoning a delegation during an international tournament, no illegal departures from the country, the athlete's disposition, and cooperation from the affiliated club. In this regard, the technical director of Cuban men's volleyball, Nicolás Vives, supports the reintegration of athletes in the national teams as they provide technical levels, development, and professionalism. For Vives, the decline in Cuban collective teams responds mainly to athletes emigrating due to training without appropriate technology or conditions, the absence of national championships, and the elimination of the structured system of Sports Initiation and Improvement Schools. Soccer, for its part, closed 2020 with the inclusion of five "legionaries" (Onel Hernández, Jorge Corrales, Carlos Vázquez, Joel Apezteguía and Marcel Hernández) in the player registry of the Cuban Soccer Association, and from now on they represent the national

team. "Representing my country is the most important thing because I have already played a lot in Europe, and now I would like to be with the national team in World Cup competitions, the Gold Cup, and other events," said Joel Apezteguía when his inclusion on the national football team was announced. The Cuban Baseball Federation has shown signs of changes in recent times by reinstating former Major League Baseball players such as Erisbel Arruebarrena and another group of players with performances in Caribbean and Asian leagues, including Yadir Drake, Leslie Anderson, and Yadir Mujica. As part of the strategy for reunifying Cuban sports, the reintegration of some who have effectively left the country, trained abroad, or even descendants of Cuban emigrants, such as specific examples in soccer and hockey, gains notoriety. Requests to represent Cuba in multiple events are increasing. INDER should streamline the process and focus on analyzing each case. If the requirements have not been violated, the opportunity to rejoin and win the right to join a national team is valid.

Cuban sports officials are being called to relax their positions and bet on re-establishing relationships with athletes and coaches from the diaspora who are currently active in foreign leagues in an attempt to increase the technical-tactical level of their national teams, as well as results worldwide. Tokyo was the scene of the Olympic Games this past summer, where Cuba presented its third smallest delegation since 1959. After eight years of implementing the recruitment policy, six athletes with participation in foreign leagues joined the Cuban collective in the five-ring event. In parallel to hiring, the reunification process should favor the development of a high-level sports movement for the next Olympic cycle.

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What Could a “Third Way” Cuba Policy Look Like Under Biden?

By Manuel Cuesta Morúa



As noted in the introduction written by the Council on International Relations to Charles A. Kupchan’s book *How Enemies Become Friends: The Sources of Stable Peace*, in his 2008 inaugural address, Barack Obama promised nations “on the wrong side of history” that the U.S. would “extend a hand if they were willing to open their fists.”

Thus began an intellectual presidency, which certainly constitutes a strategic presidency. With its impressive historical documentation, Kupchan’s book provided Obama with a set of assumptions and theses that helped guide his policy towards Cuba.

Two assumptions in this book are worth summarizing. The first is that the stability of international relations is not decided by the type of regime a country has. The second is that economic relations are not as important as diplomacy when reducing

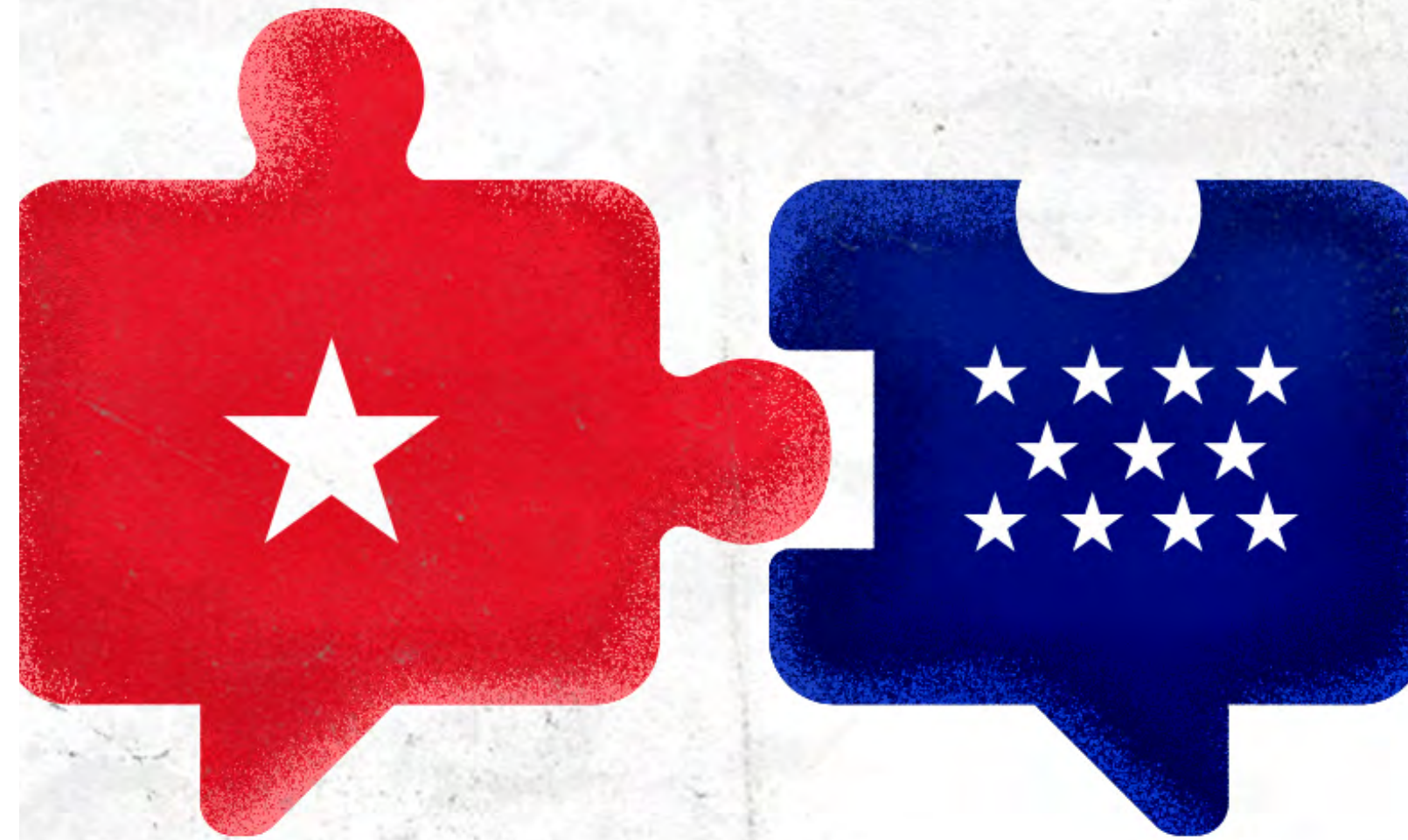


Illustration: Maikel Martínez

tensions and seeking geopolitical accommodations with countries in conflict.

Obama's policy towards Cuba was designed from these two assumptions. That a policy of unilateral concessions appeased the enemy, and that a strong investment in a friendly narrative, respect for sovereignty, and offers of cooperation would be more productive to achieve the goals of democratization, which Obama left in the most effective hands: that of the Cubans.

Isolation, combined with a policy of harassment and attrition, had not led to the stated goal of U.S. foreign policy toward the Island. This was the strongest argument against the critics of a policy shift that began with the exchange of prisoners, the removal of Cuba from the state sponsors of terrorism list, and the reestablishment of diplomatic relations.

To be fair, Obama actually modified his message, bringing it closer to Kupchan's intellectual vision. He did not wait for the Cuban government to open its fist, instead introducing changes without the latter modifying its internal and external policy one iota. In my view, and in the case of Cuba, the Obama policy's greatest strategic success was to overwhelm the Cuban government on three fundamental levels: in that of its intentions, in that of its will to change, and in that of its language. Its impact on Cuban society has been irreversible. The policy that preceded it lacked vision; confident that the harsh exercise of power would put an end to the regime. For 62 years, the Cuban government has been ostensibly on the verge of crumbling every four years. Obama's policy focused on the medium and long term, and for that very reason it was strategic.

In my view, and in the case of Cuba, the Obama policy's greatest strategic success was to overwhelm the Cuban government on three fundamental levels: in that of its intentions, in that of its will to change, and in that of its language. Its impact on Cuban society has been irreversible.

Did he fail? No. Although the type of regime does matter in any conception of foreign policy—a necessary correction to Kupchan's postulates—a consequence perhaps not foreseen by the author, but which I assume was intuited by Obama, is that such a policy could put an end both rhetorically and practically to the identification and perception of the Cuban people and government as enemies of the United States. If the Cuban government continued (continues) to place itself in the convenient role of the enemy, this was no longer true with its people. And this is the most important result in terms of the US's strategic goals, which not even the return to tough policy under Donald Trump could reinstate: the possibility of masking the conflict between the Cuban state and Cuban society behind the conflict between countries reached its limit with this formulation of foreign policy. Cuba opened up, and society took the lead.

The hard exercise of power continues with the logic inherited from the times of John F. Kennedy: instant democracy, hence the idea of restoring the past, and the United States playing a leading role in this transcript. Quid pro quo demands on Obama's policy are born out of this logic, just as his policy sought to break with it. Obama inaugurated another era. Cubans were the ones who must advance the changes, and the United States can only be there for what it can and should do: to assist and support the process. The pace of change depends on factors that the United States cannot and should not try to control. There are constraints that the North American power must abide by based on the structural limitations of its system; this is what the hard-liners recognize to their chagrin every four years. After every electoral cycle, they always conclude that it's up to the Cubans. They see abandonment "a la Kennedy" when in reality it is the best invitation to assume control of our destiny.

Obama's approach recognized that quid pro quo policies as a diplomatic game or foreign

They see abandonment "a la Kennedy" when in reality it is the best invitation to assume control of our destiny.

policy go beyond the limits imposed by a given time period, especially when it comes to regime change. He later demonstrated this with his policy towards the Arab Spring, mainly in Egypt. However, hardliners demand results within a fixed period from a policy that was repeatedly repurposed over time.

It is on this enduring and far-reaching foundation, which was put to the test here in July, that the Joe Biden administration could and should build a revised "third way" with Cuba, with an approach that connects its foreign policy with the nature of governing regimes. The Cuban government is an actor and factor of regional destabilization, with new formulas that can be confused with the mechanisms of democracies and at the same time uses them. Democratic regimes are the key to stable peace, the most salvageable of Francis Fukuyama's thinking. This cannot be ignored.

Alongside a dialogue on security issues in the region—including immigration, combating drug trafficking, and climate change—blanket sanctions should be replaced by individual sanctions at the beginning of this new post-Donald Trump political term, which are already being applied in some cases. This would continuously weaken strong identities in Cuba, like the ones between the country and nation, and the state and government, which in turn strengthens the citizenry. Miguel Díaz-Canel will have a very difficult time identifying as, or confusing himself with, the nation.

Re-establishing and invigorating people-to-people diplomacy is another imperative. Soft power, a policy applied by all Chinese administrations toward Cuba, was revealed as the best option to undo an artificially constructed enmity between the two countries. One cannot forget that the United States and Cuba have been historical enemies for at least three generations, a rooted narrative that served as propitious terrain for an involuntary war.

A third step in this new matrix should raise political recognition for the opposition and civic recognition for civil society. From backroom conversations, which is the usual diplomatic

style that gives place to democratic alternatives, it is important to move to a more public and formal stage of dialogue. I think this is more important than resource aid, and takes advantage of the regime's growing legitimacy and legitimization vacuum, which was accelerated after July 11. There should be no doubt that the Cuban government is a government of the minority.

A fourth element involves the empowerment of the private sector, both in terms of training and connections, which is essential for the creation of the middle classes. I am not so optimistic to think that the middle classes themselves will lead to democracy. What does seem evident is that they promote economic and social pluralism and ease the necessary tension between the State and autonomous economic agents.

A fifth angle to de-bilateralize the democratization agenda. What Obama started can be updated today with the North American proposal for a global democratic alliance to curb the global spread of autocracies. In this sense, a commitment to, and aid for, the democratization of Cuba is part of the proposal to re-democratize all societies. On a different scale and in different dimensions, democracies need to re-democratize. The issue of Cuba could be rethought within this new framework.

As a sixth point, it is convenient to consider the vision of change in Cuba as a process. Cuba has been closer to democracy in the last six years, despite Donald Trump, than at any time in the previous 56 years. Cuba's prolonged dystopia is related to two interconnected and mutually reinforcing factors: the supposed invasion by the American superpower on the island's southern and Caribbean border, which thankfully never came, but in turn fueled the Revolution's infallibility as a peripheral power. This had a paralyzing effect on both global diplomacy and internal debate. The exportation of conflicts, their causes, and many potential suggestions for change obtained its raw material in each U.S. electoral cycle.

The Cuban regime has always had an added strategic advantage with this logic: selling the diplomatic narrative that the debate for democracy in Cuba is a debate for sovereignty be-

tween two states with equal recognition in the United Nations. With this, it has managed at times to denationalize the democratic discussion and halt not only democratic action, but also threats of reform within the regime.

A process mindset, on the other hand, accelerates democratization, paradoxical as it may seem, and authenticates change. This is because only one process is capable of involving its recipients, which are the Cuban people. This eliminates the paralyzing obstacles caused by harsh nationalist takes on diversity and plurality. The social outbreak on June

11 (11J), which exposed the deep rifts between society and the government, can now be channeled through an intelligent strategy of democratic change that fuses an inclusive movement with a broad social base.

Seventh. It is crucial that political language gradually appropriate what in Colombia they call the "mechanism of disarming words." Harsh rhetoric almost always serves to hide conceptual and strategic weaknesses in political designs. I would say more: soft rhetoric is more accurate, goes deeper, and avoids the defensive psychological distractions generated by toxic insults between and within countries. Most importantly, insults are not practical for resolving conflicts. Soft rhetoric could fill in many absences. The case of Venezuela comes to mind, where strong, binary, and radical discourse has drowned out more than one possibility for concrete advances. As an old international relations professor told me: you only get to the root through moderation.

This change in language is essential to interact from abroad with a more diverse and plural Cuban society, with dissimilar interests, with a new generation that has risen rapidly to the public stage, and with an elite whose sometimes visible tensions and fragmentation reflect the underlying currents of change. Like never before, words must be actions.

Finally, how to approach the embargo issue in this dual scenario with post-Castroism on one side and a Democratic administration in the White House on the other? The discussion

about the embargo is still relevant. My opposition of it dates back to 1991. It is part of my political and ideological identity. Beyond this, the conversation must be calibrated and balanced for several reasons.

There is a logical asymmetry between the campaign against the embargo led by the Cuban government and the complex political process that can lead to its elimination. If control over the embargo were in the hands of the U.S. executive branch, such a campaign would have political coherence and consistency because the embargo's elimination would be viable. This is well known, but what is lost is that the Cuban government is also aware of it and uses it for reasons other than the ostensible interest of removing the embargo. The embargo works perfectly as a political and diplomatic distraction to hide the government's own responsibilities and freeze democratic diplomacy within multilateral organizations such as the United Nations. Does the Cuban government have a group of lawyers in Washington that works systematically with Congress, on both sides of the aisle, to pass legislation that removes the embargo? If it does, they are not doing their job well. If it is trying but not succeeding that means they are not doing their job well either. And if it hasn't tried, it means that it prefers to spend more money on propaganda than on achieving specific political goals.

In that narrative, the embargo also serves the government by clouding its structural insufficiencies in areas as important as meeting the basic needs of the economy. And the fact is that the embargo has not prevented, nor does it prevent, the importation of basic goods from the United States, the dynamics of which are well hidden in public discussion. The questions that constantly arise are: is the Cuban government really interested in lifting the embargo? Does it really help it? I have my doubts. Hence the calibrated analysis, independent of the ethics of the policy, which requires us to look at through a political lens.

Calling for the democratization of Cuba should not be linked to the elimination of the embargo. If Obama's policy demonstrated something, which in principle must be maintained by Biden, it

is that reforms in Cuba have no obstacles other than the political will of the government. If the July protests left any clarity, it is that an already open Cuban society wants and understands that change is possible regardless of the United States. If we say and assume that the solution to the Cuban problem corresponds to and is the exclusive business of Cubans, we should not confuse facilitating conditions with necessary ones. In my perspective, there are only two reasons to oppose the embargo. One responds to the multilateralism of the international order and the other is ethical. And granted, the latter is a political arena par excellence. Or it should be.

For the rest, a coalition from an active political center is what we are lacking. It must be diverse and plural like Cuba but focused on rational and mature solutions for our multiple challenges, as well as inclusive enough to accommodate various currents, which are fewer or at least less visible, but with the capacity, knowledge, and disposition for a realistic exercise of political imagination. We deserve it.

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On the Emergence of Domestic Public-Private Partnerships in Cuba

*By **Darién García Linsuaín***

In Cuba, the fields of computer science and programming have seen a significant boom after the liberation and expansion of the internet in recent years.

From a professional point of view, Cuban universities have graduated thousands of computer scientists, programmers, and specialists from areas related to computer science. The University of Computer Science (UCI) has graduated from 2007 – the year of its first graduation class – to 2020 more than **15,000 computer science engineers**. Many of these new professionals reside throughout the country; some in remote areas, which makes it possible for them to be closer to the technological and digitalization needs of their local community. Although a high percentage of these graduates work in companies and state institutions, many prefer to be self-employed or work as freelancers in the

private sector, in many cases servicing demand from abroad which can finance the high costs of connectivity on the island and offer higher rewards for their skills. But others have found their niche market to be in the digitalization needs of state and government entities.

The truth is that, in Cuba today, the private development of information technology is expensive—the cost of internet access for both the population and the private sector is one of the highest in the world, and the service is not of the best quality. Acquiring technological tools and equipment, in addition to being expensive, is very complex,^[1] and working in the sector is still encumbered by significant legal restraints.^{[2][3]} Even so, there are many private application and software development teams in the country today, or those that we could recognize as Cuban start-ups.

The last few months have demonstrated how relations with the private sector in the country have become “more flexible.” The 2019 Constitution recognizes, after more than 50 years,^[4] private ownership over means of production. This past August 19, the regulations surrounding Entrepreneurship and non-agricultural cooperatives were updated, and private enterprises

¹ To how complex it can be to access technological tools due to cost and connectivity issues, it should be added that some of these tools do not work in the country because they are included in blacklists, such as that of countries sponsoring terrorism, among others. The impact of these restrictions can be seen above all in social networks that have developed campaigns such as #error403, which did not have the expected impact. It should be recognized that Cuban entrepreneurs have sought alternatives such as the use of VPNs.

² The “Computer Equipment Programmer” license was the only option for people who wanted to develop in the technology sector privately. Its addition to the new applications was halted on August 1, 2017, by Resolution No. 22 of 2017. The “freeze” was ratified by special provision Resolution No. 24 of 2018, and it was not until February 9, 2021, that it was authorized again. Curiously, this happened in a television program and no legal document has been published to support the announcement, but the upside is that authorization can be obtained again. With the publication of the Ordinary Official Gazette No. 94, the license options were expanded to be able to create a non-agricultural cooperative or a private company as a micro, small or medium-sized company.

³ In 2012, the creation of cooperatives was approved experimentally in some sectors. Information technology was included in the experiment, and many requests for the creation of cooperatives in the sector were being fulfilled. But seven years after being presented they have not had another answer other than: “we are studying it.”

⁴ Many authors mark March 13, 1968 as the date when private property over the means of production in Cuba is no longer recognized.



were legalized, now considered micro, small, and medium-sized enterprises (MSMEs). This was all included in the modifications of new economic actors in Ordinance No. 94 of the Official Gazette.^[5] Given the need for fresh, foreign exchange, the export of private goods and services is being promoted, and the tech sector stands to benefit greatly.

Due to the differences that exists between a start-up and a common venture, let's look at a couple of simple definitions: "In the business world, *start-ups* are businesses that are starting up and introducing an innovative idea. They are generally associated with **technological development**. For example, web design and development."

"A *start-up* is a newly created or early-stage company that presents large growth potential and markets products and services through the use of information and communication technologies.

"It is important to know how to distinguish between conventional MSMEs and start-ups. Conventional MSMEs go to market after having invested a certain amount of money and must wait a while to start enjoying benefits. Start-ups, on the other hand, enter the market quickly to achieve growth and financing through digital transformation."

According to the above, many private application and software development teams could be recognized as start-ups, and consequently benefit from this new legal reality. Although it should be noted that not every business within the technology sector is considered a start-up.

In 2020, two **Science Technology Parks** were created—one in Havana and the other in Matanzas, where agreements have already been signed for work projects between state and private sector entities. This is an example of how public-private alliances in the technology sector could work successfully. These parks represent a market for already developed applications, as well as a source of financing for new projects.

Likewise, the University of Havana Foundation^[6] was established for managing science, technology, and innovation. Its objectives in-

clude promoting project incubation and acts as one more option for the **future development** of public-private partnerships.

Additionally, new legal frameworks have been published, such as Law 139 "Organization and Functioning of the Municipal Administration Council" and Decree 33 "For the Strategic Management of Territorial Development." These strengthen cooperative relationships with forms of non-State management and motivate local government administrations to seek solutions to their needs within their means. This provides a space for local development teams, which are familiar with the difficulties within their communities, to have a niche for the creation and development of a start-up.

It is worth noting that Decree 33 authorizes the creation of strategic alliances between all sectors that interact in the community and allows for financing by funds from local, provincial, or central governments, among other sources. It also allows for project ownership to be shared by different actors that comprise it.

In conversations with some software and application developers, a recurring challenge is the lack of financing available to start new business projects, or the ability to expand the ones already in operation. The aforementioned examples are presented as possible sources of funding for these development teams.

More recently, on August 19, 2021, Ordinance No. 94 of the Official Gazette was updated with new economic policies. The update to self-employment recognizes actors as "autonomous," although it is directed more towards the global market. The update also ends experimenting with non-agricultural cooperatives alone and authorizes their creation in almost all sectors of the economy. And, perhaps the most important approval comes with the legalization of private and mixed enterprises in the form of micro, small, and medium enterprises (MSMEs) formed as societies of limited responsibility (SRLs; similar to LLCs).

The publication of Ordinance No. 94 fulfills the announcement from June 18 made by Vice Prime Minister and Minister of the Economy Alejandro Gil where he promised that in no more

than three months the **judicial framework around MSMEs** would be ready. At first, private and public enterprises will be separate; mixed enterprises will be allowed later. The new legal framework creates an unprecedented scenario in Cuba as it is now possible to create public-private alliances. This means that a public entity could, for example, offer credit and capital to one or several people from the private sector to create an enterprise focused on tech development.

What are the advantages for a state company to participate in these mixed entities?

In the first place, the company increases its efficiency by not having to hire personnel for project development that, in its earliest stage, may be risky, or whose size does not justify dedicating part of the company's larger organizational structure.

They can participate in projects that, due to their size, location, or other characteristics, do not justify creating their own teams, since they can take advantage of communities which may already have work teams that can provide a local response. They benefit from existing projects and products and are able to enhance their execution and marketing with minimal effort.

They obtain additional profits to those generated by their own work teams.

Now, how does the Cuban private sector benefit, particularly in tech, from these alliances?

The main obstacle that the Cuban private sector faces today, after the need for new regulations to resolve the current legal framework, is access to financing. Alliances with state entities, which can handle high budgets, could be part of the push to promote their development.

On the other hand, it ensures having a secure market for products, one in which many problems persist today. After so many years of fears and stigmas between the two sectors, it has been difficult to reach broader markets. Additionally, having a secure domestic market will reduce the risks faced by many of the teams working for a relatively informal market abroad.

But will we be prepared to create and strengthen these alliances?

On the side of state and governmental entities, it is necessary to "turn the page" away from the taboo placed on the private sector. It is necessary to moderate the vocabulary of many officials in public spaces, including those in the highest levels of government. The official press and media must also scrutinize what they publish since they may be doing a lot of damage to the country's development with the information they convey to their readers and viewers.

In the private sector, so many years of being "cuckolded and beaten"[7] makes entrepreneurs regard the state sector with fear and uncertainty. The lack of entrepreneurial culture among the population in the country means that they usually do not trust having partners or investors in their businesses. Many people prefer to go slow before being indebted to others, which, in general, is not suitable in keeping with the global practice of start-ups, where people with valuable projects look for partners to support their development.

In the short and medium terms, there's an interesting horizon for Cuban business in which technological development projects, commonly known as start-ups, can have advantages over other sectors and be greatly strengthened by the creation of public-private partnerships.

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Cuba, Another Open Stage for the NFT Universe

By **María Lucía Expósito**



en months have passed since news broke that the image of a Havana cityscape, with its colorful balconies, had become the first NFT (non-fungible token) photograph to be auctioned by an artist residing in Cuba.

With the work “Hotel Habana 3/10” by Cuban photographer Gabriel Guerra Bianchini, the island joined the growing global market for virtual art that attracts collectors and technology fans alike.

To be clear, there is no concrete evidence that Bianchini was the first Cuban to sell an NFT. There have probably been some before him, but perhaps because he is a renowned photographer, or due to the high cost of his work, he caused a stir that



Illustration: Wimar Vederica Fuentes

would later kickstart the beginning of a national community in non-fungible tokens.

From a technical point of view, NFTs are unique, digital pieces without physical existence that are bought and sold using cryptocurrencies—or virtual currencies—through special platforms. From the symbolic point of view, the trend is growing exponentially among communities and artist guilds around the world.

Other artists quickly followed in his footsteps. Artists across the country began venturing into the space, introducing new immersions into digital art, especially in areas that had little Cuban representation. One can observe an amalgam of art adapted to galleries and traditional sales that has mutated towards online platforms.

Despite increasing difficulties in accessing the NFT market from the island, a whole new conversation has been generated in channels and chats where artists share insights into how they managed or failed to enter a range of platforms. Some of the challenges include the repeated use of VPNs and unstable connectivity speeds that slow down browsing through some of these sites. Currently, there are solid examples of a sort of Cuban “club” on various platforms, especially **OpenSea** and **Foundation**.

Terms such as “mint,” referring to the act of putting an NFT up for sale or auction; and “gas,” which is the cost or tax for “minting,” have been added to the vernacular and the minds of these Cubans. The latter must be paid for because each operation carried out on blockchain ledgers entails a series of actions on servers that helps prop up the technology.

There are several platforms, each with its own characteristics, where you can “mine.” It has become almost strategic to choose the best or most feasible platform to start from scratch. OpenSea has been the most important of the NFT platforms and the one with the greatest hype. There you can find exclusive works of art by renowned artists. Its popularity comes with a high cost of gas. Zora, another platform, is dedicated primarily

to renowned artists and limited editions, while Foundation is primarily dedicated to renowned artists. To enter you need an invitation from a member of the platform. There is also Kalamint, which has recently gained popularity also thanks to its low gas prices.

Social networks play an extremely important role in this world. A simple Twitter search of the hashtags #NFT and #NFT-Community reveals works for sale and allows for meeting the right people. The community of artists and collectors is gigantic, and they gather on **Twitter Spaces**, **Clubhouse** rooms, and **Discord** servers.

From the island, under the initiative of X Alfonso and his creative team at the **Fábrica de Arte Cubano**, an open community was created for Cuban artists with the aim of supporting and promoting art in NFT markets. With exhibitions mainly in the OpenSea and Foundation markets, a varied and attractive collection has been compiled that is representative of current Cuban art. They have an interactive virtual exhibition in which you can see the works for sale as if it were a gallery. Cryptocuban Social Club, the first Cuban collectible made with real people, and perhaps the first of its kind in the world, joins the series of projects developed on the island. It emerged only a few months ago and consists of 1492 portraits of different Cubans that are going to be launched as an NFT collection in the crypto art market under the visual concept of the aforementioned artist and photographer Gabriel Guerra Bianchini. Collaborators include his wife Denise Roque, a specialist and collector of crypto art, along with production from Estudio50 and the independent magazine Vistar. With this line of collectibles, Bianchini takes advantage of an area of interest with a great market within NFTs.

Chelsy Escalona is a Cuban illustrator and graphic designer. Her arrival to the NFT virtual space came as a result of news and references. She tells us about her experience:

"A friend in the United States saw a news story about a visual artist who had sold his work for a large sum, and it had gone viral on Twitter. And I thought, why don't I try as well sin-

ce it is an ideal medium, especially for digital artists? I read a couple of articles and visited some platforms, but I didn't understand well the essence of that world and decided that I was not interested at the time. I was also in the middle of finding my identity within illustration and thought it was best to focus on that first. Time passed, and Cuban artists and projects began to appear promoting an inclusive NFT Cuban community, and the issue resurfaced again in conversations between friends. I even began to have acquaintances who went in and were doing quite well, so we decided to investigate again, this time in greater depth. I asked those who were already entrenched in that world about their experiences. I had a few weeks of a lot of analysis and paradigm shifts because entering involved being very informed and certain about it. There are many people who have positions and arguments against it that can damage the vision of artists who participate. I knew very little about crypto, and I knew nothing about crypto assets. It was when we returned to NFTs that I began to learn a little more, but I still have a long way to go."

How has the experience been regarding your work on that platform?

"My work has been very well received in this medium for someone who started just a month ago with NFTs. I have managed to sell several pieces, the community already identifies my work, and I feel very loved by each new artist or collector that I get to know, so much so that I am already collaborating on two projects: one Cuban and one international. Various media outlets have approached me interested in getting to know my experience and my work, and I am also getting ready to participate in a collective expo. To be someone new in this space and with a large number of followers, I think my work has had the wind behind its sails from day one."

What has changed in your productive routines and in the context of connectivity?

"My routine has not really changed much, I had been using my main Instagram account for a long time, where I tried to

upload content regularly or at least be aware of what was moving on the platform. With this turn towards NFTs, I had to learn about Twitter and also where this community moves. In addition to learning how to promote my work, I noticed that it requires more connection time because you are responsible for making others see your work and connecting with others, but in terms of productivity I keep the same habits.”

Is there, or can we already speak of, a community of Cuban artists in those digital art spaces? Why?

“Yes, there is definitely a strong and consolidating community of Cuban visual artists in the NFT space that is growing every day and adding talent. They support each other in diverse ways, from advice to how to exhibit work to how to secure funding for new artists just starting out. It is a very united community that tries to give all the love and good vibes there are to give, with the intention of making Cuban art more visible.”

Another young Cuban artist, Kina Matahari, dedicates her curatorial work to new modes of perception and visuality. She learned of the existence of NFTs in March of this year, through a BBC publication about the sale of a digital asset: The First 5000 Days, by artist Beeple, which sold for an approximate value of \$69 million dollars. This sale was made through the famous Christie’s auction house and had the technical support of the Ethereum blockchain.

“I have training as an art historian and my critical, curatorial, and artistic work has been developed almost exclusively through tech, social networks, and the Internet. My first texts appeared in digital medias such as El Estornudo and Hypermedia Magazine; my first curated exhibition was a virtual 360° view for the Behart platform. My art is shared through social networks. Some works are even built on interactions within them, always under the name Kina Matahari. So, it was extremely attractive for me to explore this new universe and its possibilities.”

Before these forays, did you know about cryptocurrencies and crypto assets?

“I knew about the existence of cryptocurrencies, especially Bitcoin, but I had never been interested in them, nor in trading. In fact, it’s something I don’t think I have a knack for. However, NFTs made it possible for me to insert myself in these markets from the role of a creator. The universe of NFTs is not only a platform, but also all the digital assets that are supported by a blockchain. Its most active markets are currently on the Ethereum blockchain through OpenSea, Foundation, SuperRare, to name a few. I have work in the first two, and I investigated the HicEtNunc platform [editor: now defunct] of the Tezos blockchain.

My personal experience is one of absolute exploration and enjoyment. It’s like discovering a new language. How the community articulates its communication is essential for the visible existence of a creator in this medium. Initially, I tried to translate previous works and ideas into digital assets. In some cases, such as photography and video, which are already formatted as digital data, it was much simpler. I am currently working on more common media for this medium, such as 3D work.”

What has changed about your productive routines after this step and in terms of connectivity?

“Connectivity and technology are factors that play against Cuban creators. Add to that the exacerbated electricity crisis, since the means to create and navigate on these platforms uses both the internet and electricity. On the other hand, as I mentioned before, my previous work was also developed on social networks, so I did not suffer a big change in work routines, beyond incorporating new digital creation tools.”

Kina explains that the Cuban community resonates a lot at the moment within the different platforms and spaces for socialization about NFTs.

“The Cuban community is vast and constantly expanding. Each creator who manages to sell a work helps another to join. The commu-

nity is very diverse in terms of its aesthetic and conceptual production; it is made up of illustrators, photographers, designers, digital, video, and 3D artists, painters, and many others. It is also generationally broad, assimilating very young members as well as those with established and extensive art careers. It is made up of important projects for managing artistic groups and minorities such as Fábrica de Arte Cubano and ClitSplash. In addition to the very active and beautiful curatorial work of Gladys Garrote (Tropical_Jewel). The Cuban community is constantly present on Twitter and ClubHouse audio spaces, presenting their own projects to the international community. We have just won a wide gallery on the virtual exhibition platform Oncyber, in which we maintain the collective exhibition Cuban Women Art and Cuban NFT Gallery, Metaverse #1, one of the most popular in the space. There is a marked interest from some collectors toward the Cuban community for its high artistic value and diverse proposals.”

There have been several Cuban artists, projects, and exhibitions within the NFT universe that have managed to quickly insert themselves into the crypto art environment this year. The field of social networks also serves as a roadmap to find works made by Cubans (mostly young people) who have managed to advance at a good pace in this novel, virtual alternative.

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The Time for SMEs in Cuba?

By **Oscar Fernández Estrada**



he prolonged emergence of Cuba's private sector is making headlines once again. On August 20th, 2021, after being postponed several times, long-awaited legal regulations were issued that recognize the private sector as an organic part of the Cuban economic system.^[1] Among the most relevant parts of these regulations is the possibility to create small private companies that are recognized as their own legal entity. These entities have the authorization to exercise independently from the State in a wide variety of economic activities.

¹ Ordinary Official Gazette No. 94. August 19, 2021.

Reform, Counter-Reform, and Reform.

By the end of 2010, with Raúl Castro at the head of the government and the Party, there was an economic reform being promoted—officially known as the “Actualization”—which proposed, at least in principle, incorporating more market elements in the allocation of resources in the economy, a greater decentralization of state companies, more prerogatives for the territories, as well as an increase in the participation of private property, euphemistically called “on-state,” in the economy.

When new laws began regulating self-employment in October 2010, private parties were openly authorized to hire a workforce. Therefore, the government tacitly recognized the existence of privately owned businesses, at least on the scale of microenterprise. This change became one of the most momentous conceptual transformations in the last 50 years. Under these conditions, self-employment grew to more than 70% between 2010 and 2011. It continued to grow until the start of the pandemic, although not without setbacks and counter-reforms.

In 2013, the government issued Decree Law 315 in which it sought to give “order” to the private sector by imposing restrictions that limited the scope in the description of each authorized license activity. In that moment, activities that had authorization to operate were shut down and some people lost investments. Such was the case with 3D cinemas.

Then, at the beginning of 2017, the government caused tension with the private transportation sector when it chose to establish maximum prices for sections of service. The transportation companies responded with a general strike in Havana, and some protested in other provinces.^[2] In August 2017, under the argument that the new rules would be studied in order to “per-

² This phenomenon was unleashed when the Cuban authorities, as a result of external tensions aggravated by the persecution of the US government, are forced to apply a cut to the fuel that they centrally assigned to state companies. The private transportation sector was affected since most of the fuel they consume comes from diversions by these state-owned companies and not from purchases in the service center network. So, they raised their prices and their interdependence with the illegal fuel market was made transparent. The government reacted by trying to force the old price levels and the carriers responded by interrupting the service.

fect” self-employment, the government interrupted granting licenses indefinitely for some of the most prosperous activities, such as renting apartments, and cafeterias and restaurants. It was not until almost a year later the new regulations were issued^[3]—signed by outgoing president Raúl Castro—this time with new restrictions. One of the most impactful laws limited each citizen to carry out only one license activity, which affected all the businesses that had been developed from the synergistic combination of several licenses. It was back to business in its simplest form^[4]

All of this happened in a contradictory context. On the one hand, normalizing relations with the United States had produced a favorable economic bonanza with the proliferation of American travel, as well as a promising future for state companies through some joint contracts.^[5] On the other hand, Obama’s visit and declarations of support for the private sector as an agent of political change in Cuba fueled distrust. It symbolically empowered conservative sectors within the Cuban government, which halted the march toward transformations.

Paradoxically, the 7th Congress of the PCC had taken place in 2016, which continued the path of the reforms initiated in 2011 by deepening the expansion of the private sector and the market and decentralizing the state sector. This was done by approving the so-called Conceptualization of the Economic and Social Cuban Socialist Development Model that would be, in theory, the governing document for economic policy the following five years. During his reading of the Central Report for the Seventh CCP Congress, Raúl Castro raised concern for the need of legal recognition of SMEs. However, from then on, events or circumstances within the government—which until today remained unexplained to the public—

3 Extraordinary Official Gazette number 35, July 2018.

4 To illustrate with a simple example: a car scrubber offered owners a free refreshing drink while they waited for their car. Under the new rule, the scrubber was prohibited from offering this supplementary service, even if it was free.

5 Such is the case of the Cuban hotel Four Points by Sheraton, which was handed over to the Merriot hotel company. The Trump administration just terminated that contract, forcing Merriot to terminate its activities in Cuba.

operated in the opposite direction to what was agreed upon in the Congresses.

Finally, due to its notorious irrationality, in addition to popular reactions that were spurred by the 2018 restrictions, the reforms were significantly reversed just before they came into force in December of the same year, in one of the first decisions adopted by Miguel Díaz-Canel in his new role as president. Díaz-Canel introduced new corrections in 2019 that demonstrated his determination to push ahead with the Actualization.

Crisis as Catalyst

During the last two years, the Island has gone through a severe economic crisis as a result of a sudden combination of three main factors. The internal development model had been exhausted, in addition to its demonstrated inability to generate minimum changes to reduce the mono-dependencies and structural deformations of the Cuban economy. This was evidenced in the meager growth rates during the years prior to the pandemic.^[6]

The severity of economic sanctions imposed for decades by the U.S. government achieved maximum chokehold levels during the last months of the Trump administration and has persisted without significant change during the first year of Biden’s presidency.

Perhaps the most relevant factor in the short term was the sudden, forceful, and sustained external shock generated by COVID-19 that evaporated tourism and income from exports for the national economy.

6 Between 2016-2019, GDP grew at an average rate of 1.08% per year. <https://datos.bancomundial.org/>

7 The Monetary Regulation process, which was originally planned to solve the problem of the double circulation of currencies and the duality of exchange rates, saw its objectives contaminated with the previous appearance of the offers in Freely Convertible Currency. Its implementation was reduced to the elimination of the CUC, a devaluation of the Cuban peso (CUP) of 2300%, together with a regulated increase in prices and state wages. All of this, without having previously created the conditions for the state-owned companies to have the necessary autonomy to allow them to make their adjustment, and without authorizing a private supply that could respond to the unsatisfied demand for goods and services, the result is chaos in the free-form pricing system resulting from a loss of benchmarks, which finds more and more foothold in the price of the dollar on the informal market. terminate its activities in Cuba.

The crisis, which is also a result of the severe inconsistencies, slowness, and stubbornness in economic policy decisions such as the monetary unification process,^[7] and which climaxed in the recent July 11th protests, has forced authorities to act. This has probably modified somewhat the distribution of forces within the government, slightly and temporarily tilting the balance towards those sectors that long advocated reform.

It is important to highlight that this opening, despite being under a high-ranking legal norm such as a Decree-Law, is built under the protection of a fragile, incomplete, and ultimately reversible consensus, which is why it was created with unnecessary restrictions, useful only to satisfy certain sectoral interests. Such is the case on prohibiting lawyers, architects, accountants, tourist agencies, among other professionals, from entrepreneurial endeavors. Other restrictions, such as the prohibition against establishing private SMEs with non-resident partners, or forbidding that a partner is part of more than one company, or the obligation that a company must transform when it exceeds 100 members, could be interpreted as a concession to more conservative thinking, but they also reflect the counterweights manifested in the debate at a social level.

Despite it all, the adopted measures should not be classified as superficial or cosmetic. The bet is clearly strategic. The scope of what is authorized now is very broad, and evidently it breaks with some of the stagnant approaches of the previous economic model. From the government's point of view, the private sector can no longer be seen as a mere adjustment variable that can be interrupted or encouraged according to prevailing winds. It is now an increasingly present and stable actor with full economic and social rights and responsibilities.

Challenges of this New Stage

The new era of non-state economic activity in Cuba will unfold in a highly complex context. And although there are some noteworthy opportunities, it will have to overcome enormous obstacles to consolidate itself. The first and most complex challenge is the uncertainty associated with the macroeconomic

environment, especially in monetary variables. The devaluation of the Cuban peso in January 2021, with the aim of correcting the exchange rate distortions that dragged on for decades, coupled with an incomplete reform of wages and prices, have plunged the country into a kind of inflationary chaos^[8] A macroeconomic readjustment of such magnitude is always the source of very significant uncertainties. And in this sense, for example, feasibility studies to support investment decisions will be more difficult.

The current state of the sanctions policy imposed by the U.S. government presents the second largest obstacle. Biden's electoral promise to return to the rapprochement promoted by Obama generated hope among Cuban entrepreneurs, but remains unfulfilled. Relaxing restrictions on financial flows and promoting travel for Americans to the Island could mobilize financing and stimulate aggregate demand, which could favorably impact domestic production.

Profuse supply gaps undoubtedly complicate the development of stable supply chains, in addition to the acquisition of inputs and components. In many cases, there are no options other than to import, which is only possible when a business has enough demand in MLC for its production, given the dearth until now of a legal exchange market where private companies (not even state-owned companies) can acquire MLC with their assets in pesos.

However, at the same time, the supply crisis itself becomes a magnificent opportunity. Cuba is characterized by virtually virgin markets, almost hidden from transnational monopolies, with few suppliers, limited variety of goods (many of relatively low quality), and unstable offers. Therefore, it is very easy to find a viable business idea, even those already proven in other latitudes.

Additionally, transformations to the management model of state-owned companies are also underway—with lower public profiles

⁸ For most free training prices.

⁹ Official Gazette No 80 Extraordinary 2021.

and thus greater autonomy.^[9] This will facilitate horizontal economic relations between all actors. The private sector would benefit from direct access to certain supplies reserved until now for state clients, as well as purchasing power for their production, while the state sector could find flexible, fast, and relatively inexpensive solutions to problems that usually emerge upstream through central planning. On the other hand, an important space for the development of private enterprises lies in Local Development Project alliances (or public-private partnerships) with municipal governments. For some time now, the central government has been decentralizing certain functions to local levels. This transfers the responsibility for solving many of their own problems to them. Although it depends a lot on the leadership and daring of public officials, and there is a large bureaucratic trail to overcome in these types of projects, there are important opportunities along this path.

Final Comments

The new rules offer a relatively adequate margin for the small-scale private sector to take its first steps. However, they have yet to create conditions in other aspects, which are also key, for ventures to succeed, and particularly for their integration within the economic system.

First, there need to be long-term guarantees for the stability of the regulatory framework. This is the only way that emerging ventures will bet on productive projects of greater importance—those that generally require more time to mature and involve a greater investment—instead of tackling entrepreneurial activities with a rentier focus. The authorities haven't exactly won the confidence of entrepreneurs in recent years. The economic model has experienced brutal ups and downs when conceiving the private and cooperative sector, as well as the role of the market. The government must find a way to guarantee that this regulatory framework being established today will not backtrack in a couple of years. The current governing norm of Decree-Laws constitutes an important signal, but it would be much better if laws were ratified by the National Assembly.

On the other hand, it is essential to demonstrate simplicity and speed in approval procedures and to minimize space for administrative discretion. The authorities appear to have invested efforts in this regard. As has been widely disclosed by the **Ministry of the Economy**—the institution in charge of leading the process—any project that requests to operate in unrestricted activities that meets the requirements established by law must be approved automatically. This minimizes space for discretion. In order to manage the presumed avalanche of applications since the regulations came into force, they have decided to launch gradual calls ordered by activities, starting with the priorities of economic policy.

But the most critical point, in my opinion, lies in the scarcity of financing options. The authorities have mentioned the possibility of having a fund in MLC to promote private activities with export potential. However, that is the weakest point in the entire system. State commercial banking, accustomed to half a century of no competition and heir to a model that has underestimated the role of money in the economy, has shown very few skills in adapting to the needs of this growing sector. It will remain out of the private market, as it has since 2011. Make no mistake: many ventures will emerge. Most of them will find ways to finance themselves. The regulations recognize the right of SMEs to accept financing from any legal source. External financial institutions, foreign funds investments, natural persons, etc., have quickly inquired about possible ways to participate. Entrepreneurs, for their part, need training and education to achieve fair negotiations with potential lenders.

One pending issue that has not yet been considered by the authorities is eliminating the obligation to have a state-owned company intermediate for foreign trade operations. Current regulations show an essentially rentier environment, not only because it guarantees a captive market designed for intermediaries, but also because it requires MLC payments for these services, which are not always attributable to foreign exchange expenses corresponding to the process itself. In addition, the

conglomerate of companies authorized for foreign trade is also limited, and with “distributed” areas of specialization. This only perpetuates the inefficient monopolistic structures that have traditionally supplied the state sector. However, the further that relationships between state-owned companies and private enterprises advance, the more opportunities will arise to satisfy certain demands for mutual inputs. Facilitating legal avenues to access MLC, as soon as macroeconomic conditions allow it, is another of the essential issues for the replenishment and survival of these ventures. Finally, it is worth highlighting the creation of the so-called National Council of Economic Actors, which is established in Article 10 of DL-46, and which would apparently function as a kind of policy coordination institute for the promotion and development of non-state actors. This is unprecedented in the Cuban economy since 1959.

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