

Rising prices and lower foreign investment in Cuba

Rising global food and oil prices will cause 'inevitable adjustments and restrictions' for Cuba's economy, officials warned on July 8, 2008.

The communist government had previously projected gross domestic product would expand by 8 percent in 2008, but Economy Minister Jose Luis Rodriguez suggested that might no longer be possible.

'The impact of the substantial elevation of prices of food and fuel on the international market so far this year and the speculation for the rest of it will require inevitable adjustments and restrictions on the national economy,' the Communist Party newspaper Granma reported, citing comments Rodriguez made to a parliamentary commission meeting Monday July 7, 2008. There were no details on what 'adjustments and restrictions' would be required.

Rodriguez said tourism expanded by at least 14 percent in the first half of the year, and Cuba's agricultural output grew by 7.5 percent, the newspaper said, without giving raw figures. He said industrial production increased by 6.2 percent.

Cuba said its economy grew by 7.5 percent in 2007 and Rodriguez said in December that he expected 8 percent growth this year. Cuba's measurement of GDP includes spending on free healthcare, education and monthly food rations -- an uncommon methodology that critics say inflates growth figures. Officially, the economy expanded by 12.5 percent in 2006 and 11.8 percent in 2005.

Cuba is trying to slash its dependence on imported food, which will cost the island nearly \$2 billion this year.

Despite increasing oil production, Cuba relies heavily on Venezuela, whose President Hugo Chávez sends nearly 100,000 barrels of oil a day to the island in exchange for social services, including Cuban doctors. Venezuelan oil and loans from China have helped Cuba overcome hardships caused by the collapse of the Soviet Bloc.

At the same time Communist Party newspaper Granma reported there were less investment projects than when Raul Castro provisionally took over the government in July 2006 for ailing brother Fidel Castro.

Granma, quoting testimony by a senior investment official, reported that state companies are involved in 234 joint ventures and 12 cooperative production agreements, involving about 2 percent of the work force.

At the end of 2005, the government reported that there were 258 joint ventures and 115 cooperative production agreements.

In July 2007 Castro called for more foreign investment, especially in agriculture, but to date the only new agreements signed and announced have been with Venezuela or risk contracts to explore for oil in Cuba's Gulf of Mexico waters.

The Cuban state controls more than 90 percent of economic activity and usually retains more than 50 percent control over joint ventures. Cooperative production agreements generally involve a foreign investor supplying machinery, credits and supplies in exchange for a percentage of profit or product.

Sources: AP, Miami Herald, Granma, Reuters

Cuba cracks down, rounds up dissidents before freeing most

In the first week of July 2008 Cuba rounded up and detained more than 30 dissidents after accusing the United States of "instigating" opposition to the Communist regime, a top rights activist told AFP Saturday.

As many as 35 people were arrested, Martha Beatriz Roque, a rights activist said.

The regime's roundup was aimed at halting a meeting of pro-democracy advocates and clamping down on the dissidents' plan to mark US Independence Day on July 4th.

Ms Roque continued by stating that almost all the people arrested have been freed. Those who were not detained received warnings from the government, were placed under house arrest or barred from traveling to the capital, Havana.

Wednesday July 2nd, the government of President Raul Castro issued a statement saying acts of dissidence in the streets would not be tolerated and denounced "an escalation" of what it called "warped" opposition that was "instigated" by the US Interests Section.

The brief arrests came just days after the European Union decided to formally lift sanctions against Cuba imposed following a 2003 dissident crackdown in the Americas' only one-party communist state.

Source: AFP