

Cuba growth slows to 4.3 %

President Raul Castro said Saturday December 27, 2008 that Cuba's state finances "simply don't add up" and announced cost-cutting measures as the island posted an annual economic growth of 4.3 percent for the year, barely half the original government forecast.

Addressing parliament, Castro said he was cutting by half the budget for state travel abroad, apparently affecting everyone from Cabinet ministers to top executives at state-run firms, and reducing government-sponsored vacations used to reward employees.

Without releasing specific figures, officials said 2008 saw Cuba spend 6.7 percent more than it took in, creating a deficit Castro said must be reconciled.

"We have to be realistic and adjust our dreams to real possibilities," he said. "That means complying with the socialist principal each receives according to his work. Gratuities should be strictly limited so as to ensure all citizens are equal."

Castro succeeded his ailing, 82-year-old brother Fidel as president in February and has long preached government belt-tightening, but Saturday was the first time he announced specific cuts, saying eliminating reward vacations alone would save Cuba 60 million USD annually.

The move to cut state travel overseas should send shock waves through the finances of families, who rely on dollars and euros, as well as everything from designer clothes to the latest DVDs, unavailable in Cuba but brought back by relatives allowed to travel abroad as part of their work.

Castro also said he would study creating a new comptroller's office to oversee state expenditures.

His comments came after Economy Minister Jose Luis Rodriguez, who initially predicted 8 percent growth for 2008, said the country was ending one of its toughest economic years since the collapse of the Soviet Union, blaming costly food imports and three devastating hurricanes.

He vowed to cut "indiscriminate subsidies," wage "deformities" and other spending, even while forecasting 6 percent growth in 2009.

Still, Rodriguez maintained that a 7 percent increase in exports and 6.6 percent gains in state infrastructure spending helped growth in Cuba outpace that of most nations, especially amid global financial turmoil.

The expansion "is still highly significant in a world where the principal capitalist powers not only can't stop the tremendous falls in their economies but also have no idea when the crisis will end," he told parliament.

Deputies unanimously approved a law rolling back the state-employee retirement age by five years to 60 for women and 65 for men. Designed to increase worker productivity while tamping down the cost of pensions among a rapidly aging population, the measure requires at least 30 years in a government job before retiring. It will be implemented on an incremental basis beginning in 2009 and extending for six years.

Communist Cuba has been relatively isolated from the global credit crunch: It has few international debts, with most loans coming from allies including China and Russia, which have allowed late payments.

What's more, the government includes state spending on health care, education, transportation and food rations when calculating gross domestic product - meaning the figure reflects public spending, not just economic activity, as it does elsewhere in the world.

Still, Hurricanes Gustav, Ike and Paloma caused Cuba at least \$10 billion in damage this year, leaving tens of thousands homeless, flooding farmland and requiring the government to boost costly imports of food and fuel.

This year, soaring food and fuel prices pushed import costs up by about 44 percent, Foreign Trade Minister Raul de la Nuez said, while exports grew only 7 percent.

Sales of Cuba's top export, nickel, fell by \$250 million in 2008, Rodriguez said, though he noted that oil and gas production increased 1.6 percent.

Cuba's tourism industry recovered from a two-year slump and was set to host a record 2.35 million foreign visitors in 2008. Many tourists buy relatively cheap, all-inclusive packages that have continued to sell despite the world economic slowdown.

Source: Miami Herald

Hundreds of Cubans line up to become Spaniards

Starting Monday December 29, 2008, hundreds of thousands of descendants of Spaniards who went into political exile around the world will be able to petition for Spanish citizenship under the provisions of a law intended as reparation for past injustices.

In Havana, hundreds of people have been standing in line since Thursday outside the Spanish Embassy to obtain the necessary application forms.

Estimates indicate that some 200,000 Cubans on the island could be eligible for Spanish citizenship.

In South Florida, where about 1.3 million naturalized U.S. citizens of Hispanic origin reside, Santiago Cabañas, Spanish Consul General in Miami, said he believes that thousands may petition for citizenship, especially among the Cuban and Venezuelan communities.

It is estimated that 500,000 to one million people around the world could benefit from the so-called "Law of Grandchildren," approved in December of 2007 to grant the rights of citizenship to the descendants of Spaniards who were exiled for political reasons.

Spain's civil war in the 1930s and the ensuing Franco dictatorship sent tens of thousands of Spaniards into exile, especially to Latin American countries such as Cuba, Mexico and Venezuela.

Source: Miami Herald