



BILDNER CENTER

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New Forms of Agricultural Commercialization in Cuba

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I. Non-Sugar Agriculture: Recent Performance

■ a) Area Planted

Table 1. Area planted with selected permanent crops other than sugarcane until December 31, Thousand hectares								
Crop	2006	2007	2008	2009	2010	2011	Change	% Chg
Plantains	143.5	145.0	143.3	129.6	134.6	131.6	-11.8	-8.2%
Fruit (bananas)	36.2	34.3	28.9	27.0	26.2	28.0	-8.2	-22.5%
Plantains	107.2	110.7	114.4	102.6	108.4	103.6	-3.6	-3.4%
Citrus fruits	60.5	56.3	50.9	46.4	39.6	35.2	-25.3	-41.8%
Oranges	35.4	33.4	30.6	27.7	21.8	19.4	-16.0	-45.3%
Grapefruit	20.5	19.1	16.9	14.1	13.3	11.8	-8.7	-42.3%
Lemon	2.0	1.7	1.5	1.7	1.7	1.7	-0.3	-16.2%
Other Fruits	86.1	93.9	100.2	89.1	97.8	100.2	14.1	16.4%
Mango	27.3	30.2	33.0	31.9	37.0	37.9	10.6	38.6%
Guayaba	13.1	14.7	17.8	13.4	13.3	13.4	0.3	2.0%
Papaya (fruta bomba)	6.4	6.7	5.1	5.9	7.8	6.7	0.3	4.9%
Cocoa	6.7	6.9	6.8	6.9	6.8	6.8	0.1	1.5%
Henequén	1.4	1.7	1.8	3.5	1.2	1.3		0.0%

Source: ONEI, 2013

I. Non-Sugar Agriculture: Recent Performance

■ b) Output

Source: ONEI, 2013

Table 2. Agricultural Output, Selected Crops (Tons)								
Crops	2006	2007	2008	2009	2010	2011	Change	% Chg.
Viandas ^(a)	2,202,000	2,369,500	2,150,700	2,236,000	2,250,000	2,280,000	78,000	3.5%
Roots and Tubers	1,330,200	1,378,600	1,392,500	1,565,600	1,515,000	1,445,000	114,800	8.6%
Potatoes	286,200	143,700	196,100	278,600	191,500	165,600	-120,600	-42.1%
Boniato	303,000	414,000	375,000	437,100	384,743	311,900	8,900	2.9%
Malanga	175,000	207,800	240,000	199,400	137,400	132,100	-42,900	-24.5%
Plantains & Bananas	871,800	990,900	758,200	670,400	735,000	835,000	-36,800	-4.2%
Bananas	339,517	385,900	280,800	245,400	249,200	250,000	-89,517	-26.4%
Plantains	532,283	605,000	477,400	425,000	485,800	585,000	52,717	9.9%
Vegetables	2,672,100	2,603,000	2,439,300	2,548,800	2,141,035	2,200,000	-472,100	-17.7%
Tomatoes	636,000	627,900	575,900	750,000	517,040	601,000	-35,000	-5.5%
Onions	111,990	105,100	128,100	131,300	111,737	143,500	31,510	28.1%
Peppers	62,141	55,807	63,677	56,672	44,545	55,057	-7,084	-11.4%
Cereals	739,600	808,400	761,700	868,400	778,863	920,400	180,800	24.4%
Rice	434,200	439,600	436,000	563,600	454,400	566,400	132,200	30.4%
Corn	305,400	368,800	325,700	304,800	324,463	354,000	48,600	15.9%
Legumes	70,600	97,200	97,200	110,800	80,439	133,000	62,400	88.4%
Beans	70,600	97,200	97,200	110,800	80,439	133,000	62,400	88.4%
Tobacco	29,700	25,600	21,500	25,200	20,500	19,900	-9,800	-33.0%
Citrus Fruits	373,000	469,000	391,800	418,000	345,000	264,500	-108,500	-29.1%
Oranges	178,357	302,800	200,400	261,000	178,263	122,900	-55,457	-31.1%
Grapefruits	169,556	140,000	166,100	121,500	137,660	112,000	-57,556	-33.9%
Lemon	6,134	6,000	5,400	8,300	6,060	6,600	466	7.6%
Other Fruits	746,500	783,800	738,500	748,000	762,045	817,000	70,500	9.4%
Mangoes	206,662	198,000	228,700	269,300	203,595	185,000	-21,662	-10.5%
Guayaba	101,547	113,500	126,500	84,900	71,581	85,000	-16,547	-16.3%
Papaya (Fruta bomba)	90,309	89,700	89,400	95,700	135,707	135,000	44,691	49.5%
Cocoa	2,120	1,379	1,100	1,387	1,709	1,510	-610	-28.8%

II. Decree Law 318 (2013)

Decree Law 318 (2013) (Council of Ministers)

Principal Goals and Objectives: (Article 1)

- To create and implement a series of policy measures to **streamline the commercialization of selected agricultural products** on an **experimental basis** in the Provinces of Havana, Artemisa and Mayabeque.

II. Decree Law 318 (2013)

CHAPTER 1

- Participating entities (types of producers) (**Article 2**):
 - 1. State-owned agricultural enterprises
 - 2. State-owned farms
 - 3. UBPCs – Basic Units of Cooperative Production
 - 4. CPA – Agricultural Production Cooperatives
 - 5. CCS – Credit & Services Cooperatives
 - 6. Budgeted Units (“unidades presupuestadas”) engaged in agricultural production for self-consumption (“autoconsumo”) with surplus output.
 - 7. Non-agricultural cooperatives engaged in the commercialization of agricultural products
 - Agricultural wholesale vendors
 - Agricultural retail vendors
 - Agricultural cart operators (“carretilleros”)

II. Decree Law 318 (2013)

- **Important Terms and Definitions:**

- a) **Small-scale, independent, farmers** (“agricultores pequeños”) – “Natural persons who own or co-own the land.”
- b) **Production Units:** Agricultural enterprises, State farms, UBPC, CCS, CPA.

CHAPTER 2

- **Roles & Functions of the Provincial Administrative Councils**
(“Consejos de Administracion Provincial”) (Article 4):

- 1. Authorize the creation location of retail and wholesale agricultural markets.
- 2. Regulate the operating zones for “carretilleros.”
- 3. Oversee/regulate the retail markets subject to the forms of agricultural commercialization.
- 4. Regulate/oversee the “social consumption entities” (e.g. dining halls, schools, hospitals, etc.) that obtain agricultural products from agricultural enterprises, and
- 5. Regulate the allocation of agricultural products destined for social consumption and the general population.

II. Decree Law 318 (2013)

CHAPTER 3

Regulation of Sales and Prices: (Article 6):

Authorized agricultural products: ALL types of agricultural products can be sold, except: 1) Beef, 2) fresh milk and derived products (butter, cheese), 3) coffee, 4) honey, 5) tobacco, and cocoa and its d

Fulfillment of Contractual Obligations with the State: (Article 7):

- The commercialization of agricultural products can take place **ONLY** after producers have meet their contractual obligations with the State.

Contracts between agricultural enterprises and other Production Units: (Article 8.1):

- Agricultural enterprises can enter direct contracts with other Production Units such as UBPC, CCS, CPA for products with “fixed” Acopio prices and other products.
- The **Ministry of Finance and Prices** regulates products with “fixed” **Acopio prices** destined for social consumption, the import substitution program, exports, the domestic hard currency market, except those sold directly to tourism enterprises.

II. Decree Law 318 (2013)

- **Price regulations (Article 10.1):**
- **Wholesale prices:**
- Prices can be set by mutual agreement between the parties involved, except for agricultural products sold at “fixed” Acopio prices for social consumption.
- **Retail prices:**
- The enterprises that administer the Mercados Agropecuarios Estatales (MAE) are responsible for approving the maximum retail prices charged in those outlets at “fixed” Acopio prices.
- These prices are approved by the Ministry of Finance and Prices.
- The prices for the rest of the agricultural products are set by mutual agreement between the parties involved.

II. Decree Law 318 (2013)

CHAPTER IV

- Entities authorized to participate in the new regime for the commercialization of agricultural products (Articles 13 and 16)

Table 3. Entities Authorized to Participate in New Regime of Agricultural Commercialization		
Entity	Wholesale	Retail
1. State agricultural enterprises	X	X
2. State farms	X	X
3. UBPC	X	X
4. CCS	X	X
5. CPA	X	X
6. Unidades Presupuestadas with surplus output	X	X
7. Independent, small-scale, farmers	X	X
8. Other agricultural wholesalers ("mayoristas")	X	
9. Other agricultural retailers ("minoristas")		X
10. Carretilleros (cart operators)		X

II. Decree Law 318 (2013)

- **Destinations (or buyers) of agricultural products subject to the new commercialization regime:**

- **Wholesale:**

- 1. Social consumption entities
- 2. Tourism entities
- 3. Agricultural markets
- 4. Other production units
- 5. Recreation (or sports) entities engaged in food sales
- 6. Commercial subsidiaries of agricultural enterprises
- 7. Industrial sector
- 8. "Mercados de abastos"
- 9. Other natural persons and legal entities ("personas juridicas")

- **Retail:**

- 1. *Mercados Agropecuarios Estatales (MAE)*
- 2. *Mercados Agropecuarios de cooperativas no-agricolas*
- 3. *Mercados agropecuarios de oferta y demanda (MAOD)*
- 4. *Mercados agropecuarios arrendados*

- **Note:** The agricultural markets operated by the Youth Work Army ("Ejercito Juvenil de Trabajo") are excluded.

II. Decree Law 318 (2013)

CHAPTER V

SELF-EMPLOYED WORKERS:

The following self-employment occupations are authorized:

1. Wholesalers of agricultural products
2. Retailers of agricultural products
3. Cart operators ("carretilleros")

CHAPTER VI

Leasing commercial spaces (for agricultural markets):

Provincial Enterprises ("Empresas Provincial de Mercados Agropecuarios y Empresas de Comercio y Gastronomía") can lease commercial spaces to production units that operate agricultural markets, based on the following principles:

1. A binding contract must be signed (lease agreement) by all parties involved.
2. The units that manage agricultural markets can set the lease terms for each space (or market) in Cuban pesos, taking into account the operating expenses of the entities leasing such spaces, and other business related expenses.
3. Repair expenses incurred by the lessee can be applied towards the rent expense during the first year of operation.
4. Lessees are responsible for making utility payments (e.g. water, gas, electricity)

II. Decree Law 318 (2013)

CHAPTER VII

- **Leasing trucks to agricultural production units (Article 33):**
 - 1. Binding contract must be signed by all parties involved.
 - 2. The trucks (leased to production units) will be solely used for the commercialization of agricultural products.
 - 3. The rental rate (or lease rate) can be set by the lessor (i.e., the enterprise that leases the trucks to the production units) taking into account the associated costs such as wear and tear and depreciation.
 - 4. The lessee (or production unit) assumes the costs related to insuring the trucks against all types of risks or losses, with the lessor as the beneficiary.

II. Decree Law 318 (2013)

CHAPTER VIII

Principles for supplying agricultural products for Social Consumption (Article 41):

- **Social consumption entities** include: **hospitals, schools, day care centers, social assistance centers, workplaces, etc.**
- Social consumption entities can acquire agricultural products directly from the production units, or through a network of wholesalers and retailers (mercados agropecuarios).
- For selected social consumption entities, the contracted production units are responsible for transporting or delivering the products.
- The rest can use their own means of transportation, or hire a third party to provide such services.
- In some cases, in Havana, the Provincial Agricultural Enterprises assume the responsibility for the transportation of the contracted agricultural product to social consumption entities.

Final Considerations

- Transforming agriculture is one of the principal elements of the efforts to “update” Cuba’s economic model (“actualización del modelo económico”).
- **Decree 259 (2008) and Decree 300 (2012) represent a positive step in this direction, but several challenges remain.**
- The approval of **Decree 318 on Nov. 2013 represents an attempt to address one of the principal challenges confronting Cuban agriculture: the need to streamline the commercialization of agricultural products to make it more efficient.**
- The principal provisions of Decree 318 (2013) include:
 - 1. Direct commercialization of selected agricultural products
 - 2. A more flexible price system for selected agricultural products
 - 3. The incorporation of new Non-State actors in the commercialization of agricultural products.
 - 4. Leasing of commercial spaces to sell agricultural products
 - 5. Leasing of trucks to deliver/transport agricultural products

Final Considerations

- Despite these provisions, Decree Law 318 is applied on an experimental basis in only 3 provinces: Havana, Artemisa, and Mayabeque.
- The Ministry of Finance and Prices (MFP) retains regulatory power over administrative prices (and there are “fixed” Acopio prices for some products), although the % of products subject to fixed prices has fallen significantly since 2007.
- Production units are required fulfill their delivery contracts with the State before participating in the new agricultural commercialization regime; however, the % of output subject to this requirement has declined notably since 2007.
- Agricultural commercialization enterprises (rather than production units) still perform an intermediary function.

SOME LINGUERING QUESTIONS

1. *IS THERE A PLAN TO EXPAND THE EXPERIMENT BEYOND THE 3 PROVINCES INCLUDED IN DECREE LAW 318?*
2. *ARE THERE PLANS TO ELIMINATE THE LIST OF PRODUCTS EXCLUDED FROM THE COMMERCIALIZATION SCHEME OUTLINED IN DECREE LAW 318?*
3. *WHAT WILL BE THE FUNCTIONS OF ACOPIO AND AGRICULTURAL ENTERPRISES AS CUBA CONTINUES TO UPDATE ITS AGRICULTURAL MODEL?*
4. *PROPERTY FORMS/PROPERTY RELATIONS LIKELY TO EMERGE?*