

Agreement No. 13-2005 of the Committee on Monetary Policy of Banco Central de Cuba

In the National Assembly's Session of December, 2004, it was thoroughly informed on the new perspectives opened to the development of economy in our country, as a result of the fructification of years of efforts of our people and of important events that have taken place in the last months, such as the substitution of the U.S. dollar for the convertible peso in the monetary circulation, the agreements reached with China and Venezuela, the discovery of new oil deposits and the expansion in nickel production.

More recently, in the celebration of International Women's Day, the President of the Counsels of State and Ministers, Commander in Chief Fidel Castro, offered a detailed information of the actions in course to tackle and solve one of the most pressing problems that the population has: the lack in domestic fuel availability to satisfy its needs. At the same time, he explained that such actions, combined with the increase of our capacity of electrical generation through new and highly efficient techniques, shall mean, besides of a solution to the problem, important savings in foreign exchange that shall be dedicated completely to economic development and to improve the level of satisfaction of the population's needs.

These actions and others that are analysed at present shall result in a higher backup of Cuban peso, by increasing the volume of goods and services that shall be offered in national currency, which at the same time have been carefully preserved from the negative effects of any excess of circulating currency.

These circumstances have created the appropriate conditions for a progressive, gradual and prudent revaluation of the national currency. As a first step in that direction, the Committee on Monetary Policy of Banco Central de Cuba has taken the following Agreement

As from Friday, March 18, 2005, the rate of exchange of the Cuban peso shall be fixed in 24 Cuban pesos for sale operations of Cuban convertible pesos and dollars by the population to CADECA, and 25 Cuban pesos for the purchase operations of convertible pesos by the population to CADECA, within the whole national territory, which implies an increase in 7% of the value of the Cuban peso, which benefits to a 100% of the population that one way or another receive incomes or has savings in our national currency.

With this measure, we are moving in the strategic direction traced out to strengthen the national currency and to continue increasing the extraordinary confidence of our population in it, expressed undeniably in the existence of over 4.8 millions of savings accounts in Cuban banks, 37% from the amount of which is made up by term deposits fluctuating between 3 and 36 months.

Francisco Soberon Valdes
Minister President
Banco Central de Cuba
March 17, 2005