Cuba’s construction industry is taking its position as one of the key drivers of the country’s economic growth with housing at the forefront. However, its state-run wet-process cement works are still suffering from inefficiency, in need of rehabilitation and investment.

In what turned out to be an unsettling year for Cuba in terms of the ailing health of the country’s leader, Fidel Castro, officials acknowledged that the economy grew 12.5 per cent in 2006, exceeding the 11.8 per cent registered in 2005. However, data supporting the economic performance of Cuba is not based on conventional GDP, but in a system designed in the country which aims to measure the “gross social product”; which estimates the market value of free health, education and other social services.

While Cuba registered disappointing growth in tourism, the fastest growing sectors of the economy according to the government are: construction (+15 per cent in the first nine months of 2006), transport (+4.8 per cent), communications (+12.9 per cent) and commerce (+30 per cent).

Consumption
As can be seen from the drivers of Cuba’s economic growth in 2006, accounts published by the Oficina Nacional de Estadísticas (ONE, the official national statistics agency) show the engine of growth has shifted since the 1990s from tourism to services and construction.

At present, Cuba’s housing crisis is one of the country’s most serious challenges. A government report release in 2005 showed that Cuba has a population of 11 million but a housing deficit of more than 500,000. The report showed that 43 per cent of Cuban housing is in need of repair and the decay is nowhere more evident than in the capital Havana. It added that the housing problem had been exacerbated over the past four years due to the impact of several powerful hurricanes which have caused further damage or destroyed homes. Therefore, to tackle the housing issue, Cuba has launched a comprehensive plan to repair and construct homes particularly in Havana where 40 per cent of Cuba’s housing shortfall exists.

Construction and repair work on housing are thus the largest consumers of cement. Repairs are also being extended to the hospitals and policlinics, plus the completion of the national freeway, providing additional demand.

Cuban cement consumption can be broken down as follows:

<table>
<thead>
<tr>
<th></th>
<th>2004 (t)</th>
<th>2005 (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>housing</td>
<td>208,000</td>
<td>225,000</td>
</tr>
<tr>
<td>public works</td>
<td>320,000</td>
<td>352,000</td>
</tr>
<tr>
<td>industrial</td>
<td>153,000</td>
<td>156,000</td>
</tr>
<tr>
<td>tourism</td>
<td>130,000</td>
<td>132,000</td>
</tr>
<tr>
<td>others</td>
<td>127,000</td>
<td>150,000</td>
</tr>
<tr>
<td>total</td>
<td>938,000</td>
<td>1,015,000</td>
</tr>
</tbody>
</table>

Domestic deliveries are made 72 per cent in bulk, with 92 per cent transported by road and eight per cent by rail.

Production
The Cuban cement industry consists of three main producers which together have a total of six integrated works, amounting to an installed clinker capacity of 4.015Mta and a cement production capacity of 4.4Mta with the latest available figures referring to 2005.

Cuba’s largest works is the Cimentos Cienfuegos plant, a subsidiary of Cuba’s Ministry of Basic Industry, and 50 per cent by Las Pailas de Cemento SA, a Spanish company controlled by a private investment bank. It has an installed clinker capacity of 1.54Mta and is located 15km southeast of Cienfuegos on Cuba’s Caribbean coast. In 2004, the plant underwent a US$105m modernisation project to elevate it to international standards. It also aimed to boost production with the view to making...